

[COMMITTEE PRINT]

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**[Text shows H.R. 3899, as reported by the Subcommittee on
Housing and Community Opportunity on August 6, 1998]**

1 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “American Homeownership Act of 1998”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title and table of contents.
Sec. 2. Findings and purpose.

TITLE I—REMOVAL OF BARRIERS TO AFFORDABLE HOUSING

Sec. 101. Short title.
Sec. 102. Housing impact analysis.
Sec. 103. Grants for regulatory barrier removal strategies.
Sec. 104. Eligibility for community development block grants.
Sec. 105. Regulatory barriers clearinghouse.

TITLE II—HOMEOWNERSHIP THROUGH MORTGAGE INSURANCE AND LOAN GUARANTEES

Sec. 201. Adjustable rate mortgages.
Sec. 202. Home equity conversion mortgages.
Sec. 203. Inspections under single family housing mortgage insurance program.
Sec. 204. Definition of area.
Sec. 205. Rural housing guaranteed loans.
Sec. 206. Extension of loan term for manufactured home lots.
Sec. 207. Repeal of requirements for approval for insurance prior to start of
construction.
Sec. 208. Disposition of HUD assets obtained through single family property
mortgage insurance program.

TITLE III—ASSISTANCE FOR SELF-HELP HOUSING PROVIDERS

Sec. 301. Extended period of use of funds.
Sec. 302. Authorization of appropriations.

TITLE IV—SECTION 8 HOMEOWNERSHIP OPTION

Sec. 401. Program flexibility.
Sec. 402. Downpayment assistance.

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TITLE V—HOME INVESTMENT PARTNERSHIPS PROGRAM

- Sec. 501. Reauthorization.
- Sec. 502. Income eligibility to facilitate homeownership in high cost areas.
- Sec. 503. Eligibility of limited equity cooperatives and mutual housing associations.
- Sec. 504. Leveraging affordable housing investment through local loan pools.
- Sec. 505. Loan guarantees.
- Sec. 506. Determination of low-income eligibility for homeownership assistance.

TITLE VI—LOCAL HOMEOWNERSHIP INITIATIVES

- Sec. 601. Reauthorization of Neighborhood Reinvestment Corporation.
- Sec. 602. Income eligibility under CDBG to facilitate homeownership in high-cost areas.
- Sec. 603. Homeownership zones.
- Sec. 604. Lease-to-own.
- Sec. 605. Housing counseling.
- Sec. 606. Local capacity building.

TITLE VII—MANUFACTURED HOUSING IMPROVEMENT

- Sec. 701. Short title and references.
- Sec. 702. Findings and purposes.
- Sec. 703. Definitions.
- Sec. 704. Federal manufactured home construction and safety standards.
- Sec. 705. Abolishment of National Manufactured Home Advisory Council.
- Sec. 706. Public information.
- Sec. 707. Research, testing, development, and training.
- Sec. 708. Fees.
- Sec. 709. Elimination of annual report requirement.
- Sec. 710. Effective date.
- Sec. 711. Savings provision.

TITLE VIII—INDIAN HOUSING HOMEOWNERSHIP

- Sec. 801. Indian Lands Title Report Commission.

TITLE IX—REHABILITATION DEMONSTRATION GRANT PROGRAM

- Sec. 901. Rehabilitation demonstration grant program.

1 SEC. 2. FINDINGS AND PURPOSE.

2 (a) FINDINGS.—The Congress finds that—

3 (1) the priorities of our Nation should include
4 expanding homeownership opportunities by providing
5 access to affordable housing that is safe, clean, and
6 healthy;

1 (2) our Nation has an abundance of conven-
2 tional capital sources available for homeownership fi-
3 nancing; and

4 (3) experience with local homeownership pro-
5 grams has shown that if flexible capital sources are
6 available, communities possess ample will and cre-
7 ativity to provide opportunities uniquely designed to
8 assist their citizens in realizing the American dream
9 of homeownership.

10 (b) PURPOSE.—It is the purpose of this Act—

11 (1) to encourage and facilitate homeownership
12 by families in the United States who are not other-
13 wise able to afford homeownership; and

14 (2) to expand homeownership through policies
15 that—

16 (A) promote the ability of the private sec-
17 tor to produce affordable housing without exces-
18 sive government regulation;

19 (B) encourage tax incentives, such as the
20 mortgage interest deduction, at all levels of gov-
21 ernment; and

22 (C) facilitate the availability of flexible
23 capital for homeownership opportunities.

1 **TITLE I—REMOVAL OF BAR-**
2 **RIERS TO AFFORDABLE**
3 **HOUSING**

4 **SEC. 101. SHORT TITLE.**

5 This title may be cited as the “Affordable Housing
6 Barrier Removal Act of 1998”.

7 **SEC. 102. HOUSING IMPACT ANALYSIS.**

8 (a) **APPLICABILITY.**—The requirements of this sec-
9 tion shall apply with respect to—

10 (1) any proposed rule, unless the head of the
11 agency promulgating the rule—

12 (A) has certified that the proposed rule
13 will not, if given force or effect as a final rule,
14 have a significant deleterious impact on housing
15 affordability; and

16 (B) has caused such certification to be
17 published in the Federal Register at the time of
18 publication of general notice of proposed rule-
19 making for the rule, together with a statement
20 providing the factual basis for the certification;
21 and

22 (2) any final rule, unless the head of the agency
23 promulgating the rule—

1 (A) has certified that the rule will not, if
2 given force or effect, have a significant delete-
3 rious impact on housing affordability; and

4 (B) has caused such certification to be
5 published in the Federal Register at the time of
6 publication of the final rule, together with a
7 statement providing the factual basis for the
8 certification.

9 Any agency making a certification under this subsection
10 shall provide a copy of such certification and the state-
11 ment providing the factual basis for the certification to
12 the Secretary of Housing and Urban Development.

13 (b) STATEMENT OF PROPOSED RULEMAKING.—
14 Whenever an agency publishes general notice of proposed
15 rulemaking for any proposed rule, the agency shall—

16 (1) in the notice of proposed rulemaking—

17 (A) state with particularity the text of the
18 proposed rule; and

19 (B) request any interested persons to sub-
20 mit to the agency any written data, views, and
21 arguments, and any specific alternatives to the
22 proposed rule that—

23 (i) accomplish the stated objectives of
24 the applicable statutes, in a manner com-
25 parable to the proposed rule;

1 (ii) result in costs to the Federal Gov-
2 ernment not more than 5 percent higher
3 than such costs resulting from the pro-
4 posed rule; and

5 (iii) result in housing affordability
6 that is 5 or more percent greater than the
7 housing affordability resulting from the
8 proposed rule;

9 (2) provide an opportunity for interested per-
10 sons to take the actions specified under paragraph
11 (1)(B) before promulgation of the final rule; and

12 (3) prepare and make available for public com-
13 ment an initial housing impact analysis in accord-
14 ance with the requirements of subsection (c).

15 (c) INITIAL HOUSING IMPACT ANALYSIS.—

16 (1) REQUIREMENTS.—Each initial housing im-
17 pact analysis shall describe the impact of the pro-
18 posed rule on housing affordability. The initial hous-
19 ing impact analysis or a summary shall be published
20 in the Federal Register at the same time as, and to-
21 gether with, the publication of general notice of pro-
22 posed rulemaking for the rule. The agency shall
23 transmit a copy of the initial housing impact analy-
24 sis to the Secretary of Housing and Urban Develop-
25 ment.

1 (2) MONTHLY HUD LISTING.—On a monthly
2 basis, the Secretary of Housing and Urban Develop-
3 ment shall cause to be published in the Federal Reg-
4 ister, and shall make available through a World
5 Wide Web site of the Department, a listing of all
6 proposed rules for which an initial housing impact
7 analysis was prepared during the preceding month.

8 (3) CONTENTS.—Each initial housing impact
9 analysis required under this subsection shall con-
10 tain—

11 (A) a description of the reasons why action
12 by the agency is being considered;

13 (B) a succinct statement of the objectives
14 of, and legal basis for, the proposed rule;

15 (C) a description of and, where feasible, an
16 estimate of the extent to which the proposed
17 rule would impact the cost or supply of housing
18 or land; and

19 (D) an identification, to the extent prac-
20 ticable, of all relevant Federal rules which may
21 duplicate, overlap, or conflict with the proposed
22 rule.

23 (d) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE
24 RULE.—

1 (1) ANALYSIS.—The agency publishing a gen-
2 eral notice of proposed rulemaking shall analyze any
3 specific alternatives to the proposed rule which have
4 been submitted to the agency pursuant to subsection
5 (b)(2) to determine whether any alternative to the
6 proposed rule—

7 (A) accomplishes the stated objectives of
8 the applicable statutes, in a manner comparable
9 to the proposed rule;

10 (B) results in costs to the Federal Govern-
11 ment not more than 5 percent higher than such
12 costs resulting from the proposed rule; and

13 (C) results in housing affordability that is
14 5 or more percent greater than the housing af-
15 fordability resulting from the proposed rule.

16 (2) NEW NOTICE OF PROPOSED RULE-
17 MAKING.—If the agency determines that an alter-
18 native to the proposed rule meets the requirements
19 under subparagraphs (A) through (C) of paragraph
20 (1), unless the agency makes specific findings on the
21 record for the proposed rule as to why the alter-
22 native should not be implemented, the agency shall
23 publish a general notice of proposed rulemaking for
24 a proposed rule that accomplishes the stated objec-
25 tives of the applicable statutes, the text of which is

1 based upon such alternative to the original proposed
2 rule. In any case in which the agency determines
3 that more than one alternative to the proposed rule
4 meet such requirements, unless the agency makes
5 specific findings on the record for the proposed rule
6 as to why each alternative should not be imple-
7 mented, the new proposed rule contained in the gen-
8 eral notice of proposed rulemaking shall be based
9 upon the alternative that the agency determines is
10 most appropriate after considering the costs, effects
11 on housing affordability, and effectiveness in accom-
12 plishing the objective of the rule, of each such alter-
13 native. The rulemaking for the new proposed rule
14 shall be subject to the requirements under sub-
15 section (b).

16 (e) FINAL HOUSING IMPACT ANALYSIS.—

17 (1) REQUIREMENT.—Whenever an agency pro-
18 mulgates a final rule after publication of a general
19 notice of proposed rulemaking, the agency shall pre-
20 pare a final housing impact analysis.

21 (2) CONTENTS.—Each final housing impact
22 analysis shall contain—

23 (A) a succinct statement of the need for,
24 and objectives of, the rule;

1 (B) a summary of the significant issues
2 raised during the public comment period in re-
3 sponse to the initial housing impact analysis, a
4 summary of the assessment of the agency of
5 such issues, and a statement of any changes
6 made in the proposed rule as a result of such
7 comments; and

8 (C) a description of and an estimate of the
9 extent to which the rule will impact housing af-
10 fordability or an explanation of why no such es-
11 timate is available.

12 (3) AVAILABILITY.—The agency shall make
13 copies of the final housing impact analysis available
14 to members of the public and shall publish in the
15 Federal Register such analysis or a summary there-
16 of.

17 (f) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY
18 ANALYSES.—

19 (1) DUPLICATION.—Any Federal agency may
20 perform the analyses required by subsections (c) and
21 (e) in conjunction with or as a part of any other
22 agenda or analysis required by any other law if such
23 other analysis satisfies the provisions of such sub-
24 sections.

1 (2) JOINDER.—In order to avoid duplicative ac-
2 tion, an agency may consider a series of closely re-
3 lated rules as one rule for the purposes of sub-
4 sections (c) and (e).

5 (g) PREPARATION OF ANALYSES.—In complying with
6 the provisions of subsections (c) and (e), an agency may
7 provide either a quantifiable or numerical description of
8 the effects of a proposed rule or alternatives to the pro-
9 posed rule, or more general descriptive statements if quan-
10 tification is not practicable or reliable.

11 (h) EFFECT ON OTHER LAW.—The requirements of
12 subsections (c) and (e) do not alter in any manner stand-
13 ards otherwise applicable by law to agency action.

14 (i) PROCEDURE FOR WAIVER OR DELAY OF COMPLE-
15 TION.—

16 (1) INITIAL HOUSING IMPACT ANALYSIS.—An
17 agency head may waive or delay the completion of
18 some or all of the requirements of subsection (c) by
19 publishing in the Federal Register, not later than
20 the date of publication of the final rule, a written
21 finding, with reasons therefor, that the final rule is
22 being promulgated in response to an emergency that
23 makes compliance or timely compliance with the pro-
24 visions of subsection (a) impracticable.

1 (2) FINAL HOUSING IMPACT ANALYSIS.—An
2 agency head may not waive the requirements of sub-
3 section (e). An agency head may delay the comple-
4 tion of the requirements of subsection (e) for a pe-
5 riod of not more than 180 days after the date of
6 publication in the Federal Register of a final rule by
7 publishing in the Federal Register, not later than
8 such date of publication, a written finding, with rea-
9 sons therefor, that the final rule is being promul-
10 gated in response to an emergency that makes time-
11 ly compliance with the provisions of subsection (e)
12 impracticable. If the agency has not prepared a final
13 housing impact analysis pursuant to subsection (e)
14 within 180 days from the date of publication of the
15 final rule, such rule shall lapse and have no force
16 or effect. Such rule shall not be repromulgated until
17 a final housing impact analysis has been completed
18 by the agency.

19 (j) DEFINITIONS.—For purposes of this section, the
20 following definitions shall apply:

21 (1) HOUSING AFFORDABILITY.—The term
22 “housing affordability” means the quantity of hous-
23 ing that is affordable to families having incomes that
24 do not exceed 150 percent of the median income of
25 families in the area in which the housing is located,

1 with adjustments for smaller and larger families.
2 For purposes of this paragraph, area, median family
3 income for an area, and adjustments for family size
4 shall be determined in the same manner as such fac-
5 tors are determined for purposes of section 3(b)(2)
6 of the United States Housing Act of 1937.

7 (2) AGENCY.—The term “agency” means each
8 authority of the Government of the United States,
9 whether or not it is within or subject to review by
10 another agency, but does not include—

11 (A) the Congress;

12 (B) the courts of the United States;

13 (C) the governments of the territories or
14 possessions of the United States;

15 (D) the government of the District of Co-
16 lumbia;

17 (E) agencies composed of representatives
18 of the parties or of representatives of organiza-
19 tions of the parties to the disputes determined
20 by them;

21 (F) courts-martial and military commis-
22 sions;

23 (G) military authority exercised in the field
24 in time of war or in occupied territory; or

25 (H) functions conferred by—

1 (i) sections 1738, 1739, 1743, and
2 1744 of title 12, United States Code;

3 (ii) chapter 2 of title 41, United
4 States Code;

5 (iii) subchapter II of chapter 471 of
6 title 49, United States Code; or

7 (iv) sections 1884, 1891–1902, and
8 former section 1641(b)(2), of title 50, ap-
9 pendix, United States Code.

10 (3) FAMILIES.—The term “families” has the
11 meaning given such term in section 3 of the United
12 States Housing Act of 1937.

13 (4) RULE.—The term “rule” means any rule
14 for which the agency publishes a general notice of
15 proposed rulemaking pursuant to section 553(b) of
16 title 5, United States Code, or any other law, includ-
17 ing any rule of general applicability governing grants
18 by an agency to State and local governments for
19 which the agency provides an opportunity for notice
20 and public comment; except that such term does not
21 include a rule of particular applicability relating to
22 rates, wages, corporate or financial structures or re-
23 organizations thereof, prices, facilities, appliances,
24 services, or allowances therefor or to valuations,
25 costs or accounting, or practices relating to such

1 rates, wages, structures, prices, appliances, services,
2 or allowances.

3 (5) SIGNIFICANT.—The term “significant”
4 means, with respect to an impact on the availability
5 of affordable housing, a difference in quantity of 5
6 percent or more.

7 (k) DEVELOPMENT.—Not later than 180 days after
8 the date of the enactment of this Act, the Secretary of
9 Housing and Urban Development shall develop model ini-
10 tial and final housing impact analyses under this section
11 and shall cause such model analyses to be published in
12 the Federal Register. The model analyses shall be de-
13 signed to provide examples to other agencies of how to
14 carry out and develop the analyses required under sub-
15 sections (a) and (c).

16 **SEC. 103. GRANTS FOR REGULATORY BARRIER REMOVAL**
17 **STRATEGIES.**

18 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-
19 section (a) of section 1204 of the Housing and Community
20 Development Act of 1992 (42 U.S.C. 12705c(a)) is
21 amended to read as follows:

22 “(a) FUNDING.—There is authorized to be appro-
23 priated for grants under subsections (b) and (c)
24 \$15,000,000 for fiscal year 1999 and each fiscal year
25 thereafter through fiscal year 2003.”.

1 (b) CONSOLIDATION OF STATE AND LOCAL
2 GRANTS.—Subsection (b) of section 1204 of the Housing
3 and Community Development Act of 1992 (42 U.S.C.
4 12705c(b)) is amended—

5 (1) in the subsection heading, by striking
6 “STATE GRANTS” and inserting “GRANT AUTHOR-
7 ITY”;

8 (2) in the matter preceding paragraph (1), by
9 inserting after “States” the following: “and units of
10 general local government (including consortia of
11 such governments)”;

12 (3) in paragraph (3), by striking “a State pro-
13 gram to reduce State and local” and inserting
14 “State, local, or regional programs to reduce”;

15 (4) in paragraph (4), by inserting “or local”
16 after “State”; and

17 (5) in paragraph (5), by striking “State”.

18 (c) REPEAL OF LOCAL GRANTS PROVISION.—Section
19 1204 of the Housing and Community Development Act
20 of 1992 (42 U.S.C. 12705c) is amended by striking sub-
21 section (c).

22 (d) APPLICATION AND SELECTION.—The last sen-
23 tence of section 1204(e) of the Housing and Community
24 Development Act of 1992 (42 U.S.C. 12705c(e)) is
25 amended—

1 (1) by striking “and for the selection of units
2 of general local government to receive grants under
3 subsection (f)(2); and

4 (2) by inserting before the period at the end the
5 following: “and such criteria shall require that grant
6 amounts be used in a manner consistent with the
7 strategy contained in the comprehensive housing af-
8 fordability strategy for the jurisdiction pursuant to
9 section 105(b)(4) of the Cranston-Gonzalez National
10 Affordable Housing Act”.

11 (e) SELECTION OF GRANTEES.—Subsection (f) of
12 section 1204 of the Housing and Community Development
13 Act of 1992 (42 U.S.C. 12705c(f)) is amended to read
14 as follows:

15 “(f) SELECTION OF GRANTEES.—To the extent
16 amounts are made available to carry out this section, the
17 Secretary shall provide grants on a competitive basis to
18 eligible grantees based on the proposed uses of such
19 amounts, as provided in applications under subsection
20 (e).”.

21 (f) TECHNICAL AMENDMENTS.—Section 107(a)(1) of
22 the Housing and Community Development Act of 1974
23 (42 U.S.C. 5307(a)(1)) is amended—

24 (1) in subparagraph (G), by inserting “and”
25 after the semicolon at the end;

1 (2) by striking subparagraph (H); and

2 (3) by redesignating subparagraph (I) as sub-
3 paragraph (H).

4 **SEC. 104. ELIGIBILITY FOR COMMUNITY DEVELOPMENT**
5 **BLOCK GRANTS.**

6 (a) IN GENERAL.—Section 104(c)(1) of the Housing
7 and Community Development Act of 1974 (42 U.S.C.
8 5304(c)(1)) is amended by inserting before the comma the
9 following:

10 “, which shall include making a good faith effort to carry
11 out the strategy established under section 105(b)(4) of
12 such Act by the unit of general local government to remove
13 barriers to affordable housing”.

14 (b) RULE OF CONSTRUCTION.—The amendment
15 made by subsection (a) may not be construed to create
16 any new private right of action.

17 **SEC. 105. REGULATORY BARRIERS CLEARINGHOUSE.**

18 Section 1205 of the Housing and Community Devel-
19 opment Act of 1992 (42 U.S.C. 12705d) is amended—

20 (1) in subsection (a)—

21 (A) in the matter preceding paragraph (1),
22 by striking “receive, collect, process, and assem-
23 ble” and inserting “serve as a national reposi-
24 tory to receive, collect, process, assemble, and
25 disseminate”;

1 (B) in paragraph (1)—

2 (i) by striking “, including” and in-
3 serting “(including”; and

4 (ii) by inserting before the semicolon
5 at the end the following: “), and the preva-
6 lence and effects on affordable housing of
7 such laws, regulations, and policies”;

8 (C) in paragraph (2), by inserting before
9 the semicolon the following: “, including par-
10 ticularly innovative or successful activities,
11 strategies, and plans”; and

12 (D) in paragraph (3), by inserting before
13 the period at the end the following: “, including
14 particularly innovative or successful strategies,
15 activities, and plans”;

16 (2) in subsection (b)—

17 (A) in paragraph (1), by striking “and” at
18 the end;

19 (B) in paragraph (2), by striking the pe-
20 riod at the end and inserting “; and”; and

21 (C) by adding at the end the following new
22 paragraph:

23 “(3) by making available through a World Wide
24 Web site of the Department, by electronic mail, or
25 otherwise, provide to each housing agency of a unit

1 of general local government that serves an area hav-
2 ing a population greater than 100,000, an index of
3 all State and local strategies and plans submitted
4 under subsection (a) to the clearinghouse, which—

5 “(A) shall describe the types of barriers to
6 affordable housing that the strategy or plan
7 was designed to ameliorate or remove; and

8 “(B) shall, not later than 30 days after
9 submission to the clearinghouse of any new
10 strategy or plan, be updated to include the new
11 strategy or plan submitted.”; and

12 (3) by adding at the end the following new sub-
13 sections:

14 “(c) ORGANIZATION.—The clearinghouse under this
15 section shall be established within the Office of Policy De-
16 velopment of the Department of Housing and Urban De-
17 velopment and shall be under the direction of the Assist-
18 ant Secretary for Policy Development and Research.

19 “(d) TIMING.—The clearinghouse under this section
20 (as amended by section 105 of the Affordable Housing
21 Barrier Removal Act of 1998) shall be established and
22 commence carrying out the functions of the clearinghouse
23 under this section not later than 1 year after the date of
24 the enactment of such Act. The Secretary of Housing and
25 Urban Development may comply with the requirements

1 under this section by reestablishing the clearinghouse that
2 was originally established to comply with this section and
3 updating and improving such clearinghouse to the extent
4 necessary to comply with the requirements of this section
5 as in effect pursuant to the enactment of such Act.”.

6 **TITLE II—HOMEOWNERSHIP**
7 **THROUGH MORTGAGE INSUR-**
8 **ANCE AND LOAN GUARAN-**
9 **TEES**

10 **SEC. 201. ADJUSTABLE RATE MORTGAGES.**

11 (a) IN GENERAL.—Section 251(c) of the National
12 Housing Act (12 U.S.C. 1715z–16(c)) is amended—

13 (1) by striking “(c) The” and inserting “(c)(1)
14 Except as provided in paragraph (2), the”; and

15 (2) by adding at the end the following new
16 paragraph:

17 “(2)(A) The Secretary may, upon submitting to the
18 Congress a written finding under subparagraph (B), in-
19 sure under this section in the fiscal year for which the
20 finding is submitted an aggregate number of mortgages
21 and loans not exceeding 40 percent of the aggregate num-
22 ber of mortgages and loans insured by the Secretary under
23 this title during the preceding fiscal year.

24 “(B) A finding under this subparagraph is a finding
25 that the limitation under paragraph (1) on authority to

1 insure mortgages and loans during a fiscal year will be
2 reached before the end of that fiscal year and that an in-
3 crease in such limitation is necessary to meet the demand
4 for insurance under this section during the fiscal year.

5 “(C) Notwithstanding any other provision of this Act,
6 the Secretary shall increase the mortgage insurance pre-
7 miums otherwise chargeable under this Act for mortgages
8 and loans insured pursuant to the authority under sub-
9 paragraph (A) by the amount that the Secretary deter-
10 mines is necessary to cover any additional risk involved
11 in providing such insurance.”.

12 (b) EXPANSION OF PROGRAM UPON IMPROVEMENT
13 OF UNDERWRITING.—Upon a determination by the Sec-
14 retary of Housing and Urban Development that actions
15 have been taken with respect to the program under section
16 251 of the National Housing Act for insurance of adjust-
17 able rate single family mortgages that are sufficient to im-
18 prove underwriting, to reduce the risks of the program to
19 the Mutual Mortgage Insurance Fund, and to alleviate the
20 need for increased premiums under section 251(c)(2)(C),
21 the Secretary shall submit a report to the Congress de-
22 scribing the actions taken, demonstrating the improve-
23 ment in underwriting and the reduction of risks, and rec-
24 ommending any changes with respect to expanding the
25 program or reducing premiums under the program.

1 **SEC. 202. HOME EQUITY CONVERSION MORTGAGES.**

2 (a) PERMANENT MORTGAGE INSURANCE AUTHOR-
3 ITY.—Section 255(g) of the National Housing Act (12
4 U.S.C. 1715z–20(g)) is amended by striking the first 2
5 sentences.

6 (b) DOLLAR AMOUNT LIMITATION FOR INSURANCE
7 AUTHORITY.—Section 255(g) of the National Housing
8 Act (12 U.S.C. 1715z–20(g)), as amended by subsection
9 (a), is amended by inserting before the first sentence the
10 following new sentence: “The aggregate principal balance
11 of all mortgages insured under this section and outstand-
12 ing at any one time shall not exceed \$12,000,000,000.”.

13 (c) OTHER APPROACHES TO CONSUMER EDU-
14 CATION.—The Secretary of Housing and Urban Develop-
15 ment shall consult with consumer groups, industry rep-
16 resentatives, representatives of counseling organizations,
17 and other interested parties to identify alternative ap-
18 proaches to providing consumer information required by
19 section 255(f) of the National Housing Act that may be
20 feasible and desirable for home equity conversion mort-
21 gages insured under such section 255 and other types of
22 reverse mortgages. The Secretary may, in lieu of providing
23 the consumer education required by such section 255(f),
24 adopt alternative approaches to consumer education that
25 may be developed as a result of such consultations, but

1 only if the alternative approaches provide all of the infor-
2 mation specified in section 255(f).

3 (d) FUNDING FOR COUNSELING AND CONSUMER
4 EDUCATION AND OUTREACH.—Of any amounts made
5 available for any of fiscal years 1999 through 2003 for
6 housing counseling under section 106 of the Housing and
7 Urban Development Act of 1968, up to a total of
8 \$1,000,000 shall be available to the Secretary in each such
9 fiscal year, in such amounts as the Secretary determines
10 appropriate, for the following purposes in connection with
11 home equity conversion mortgages insured under section
12 255 of the National Housing Act:

13 (1) For housing counseling authorized by sec-
14 tion 106 of the Housing and Urban Development
15 Act of 1968.

16 (2) For transfer to the departmental salaries
17 and expenses account for consumer education and
18 outreach activities.

19 (e) CONFORMING AMENDMENTS.—Section 255 of the
20 National Housing Act (12 U.S.C. 1715z–20) is amend-
21 ed—

22 (1) in the section heading, by striking “DEM-
23 ONSTRATION PROGRAM OF”;

24 (2) in subsections (a) and (i)(1) by striking
25 “demonstration” each place it appears;

1 (3) in subsection (a)—

2 (A) in paragraph (1), by inserting “and”
3 after the semicolon at the end;

4 (B) in paragraph (2), by striking “; and”
5 at the end and inserting a period; and

6 (C) by striking paragraph (3); and

7 (4) by striking subsection (k).

8 (f) DISCLOSURE REQUIREMENTS AND PROHIBITION
9 OF FUNDING OF UNNECESSARY OR EXCESSIVE COSTS.—

10 (1) IN GENERAL.—Section 255(d) of the Na-
11 tional Housing Act (12 U.S.C. 1715z-20(d)) is
12 amended—

13 (A) in paragraph (2)—

14 (i) in subparagraph (B), by striking
15 “and” at the end;

16 (ii) by redesignating subparagraph
17 (C) as subparagraph (D); and

18 (iii) by inserting after subparagraph
19 (B) the following:

20 “(C) has received full disclosure, as pre-
21 scribed by the Secretary, of all costs charged to
22 the mortgagor, including costs of estate plan-
23 ning, financial advice, and other services that
24 are related to the mortgage but are not re-
25 quired to obtain the mortgage, which disclosure

1 shall clearly state which charges are required to
2 obtain the mortgage and which are not required
3 to obtain the mortgage; and”

4 (B) in paragraph (9)(F), by striking
5 “and”;

6 (C) in paragraph (10), by striking the pe-
7 riod at the end and inserting “; and”; and

8 (D) by adding at the end the following:

9 “(11) have been made with such restrictions as
10 the Secretary determines to be appropriate to ensure
11 that the mortgagor does not fund any unnecessary
12 or excessive costs for obtaining the mortgage, includ-
13 ing any costs of estate planning, financial advice, or
14 other related services.”.

15 (2) IMPLEMENTATION.—

16 (A) NOTICE.—The Secretary of Housing
17 and Urban Development shall, by interim no-
18 tice, implement the amendments made by para-
19 graph (1) in an expeditious manner, as deter-
20 mined by the Secretary. Such notice shall not
21 be effective after the date of the effectiveness of
22 the final regulations issued under subparagraph
23 (B) of this paragraph.

24 (B) REGULATIONS.—The Secretary shall,
25 not later than the expiration of the 90-day pe-

1 riod beginning on the date of the enactment of
2 this Act, issue final regulations to implement
3 the amendments made by paragraph (1). Such
4 regulations shall be issued only after notice and
5 opportunity for public comment pursuant to the
6 provisions of section 553 of title 5, United
7 States Code (notwithstanding subsections (a)(2)
8 and (b)(3)(B) of such section).

9 **SEC. 203. INSPECTIONS UNDER SINGLE FAMILY HOUSING**
10 **MORTGAGE INSURANCE PROGRAM.**

11 (a) INSPECTION REQUIREMENT.—Section 203 of the
12 National Housing Act (12 U.S.C. 1709) is amended by
13 inserting after subsection (k) the following new subsection:

14 “(l) INSPECTIONS AND REPAIRS.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (4), the Secretary may not, under any provi-
17 sion of this section, insure or enter into any commit-
18 ment to insure a mortgage covering a 1- to 4-family
19 residence that was constructed more than 1 year be-
20 fore the date of the application for mortgage insur-
21 ance unless the Secretary determines that—

22 “(A) the prospective mortgagor has ob-
23 tained a property inspection of the property
24 that will be subject to the mortgage, in accord-
25 ance with paragraph (2);

1 “(B) the contract providing for sale or
2 transfer of the property created, on the part of
3 the prospective mortgagor, a unilateral right to
4 rescind the contract or condition the sale or
5 offer upon the completion of repairs to the
6 property, for a period of not less than 72 hours
7 beginning upon the completion of the inspec-
8 tion; and

9 “(C) the rights referred to in subpara-
10 graph (B) were not waived, limited, or other-
11 wise impaired in any manner before the comple-
12 tion of the period referred to in such subpara-
13 graph.

14 “(2) PROPERTY INSPECTION.—A property in-
15 spection in accordance with this subsection for a res-
16 idence is an inspection that—

17 “(A) examines the condition of the physical
18 structure and systems of the residence, includ-
19 ing any heating, air conditioning, and interior
20 plumbing electrical systems, the roof, attic, vis-
21 ual insulation, walls, ceilings, floors, windows,
22 doors, foundation, basement, and other visible
23 structure;

1 “(B) provides to the prospective mortgagor
2 a written report that describes the results of
3 the examination; and

4 “(C) is conducted in accordance with the
5 guidelines established under paragraph (3) by
6 an inspector who is selected by the prospective
7 mortgagor from among inspectors certified in
8 accordance with such guidelines as qualified to
9 conduct such inspections.

10 “(3) GUIDELINES.—The Secretary shall issue
11 guidelines providing for conducting of inspections
12 under this subsection, which shall provide—

13 “(A) that inspections shall be performed in
14 accordance with the Standards of Practice and
15 Code of Ethics of the American Society of
16 Home Inspectors or such other generally ac-
17 cepted standards for home inspections that the
18 Secretary determines provide equivalent or
19 greater assurance to the homebuyer that the in-
20 spections will be performed thoroughly and im-
21 partially; and

22 “(B) for the Secretary to certify inspectors
23 as qualified to conduct inspections under this
24 subsection based upon demonstrated com-
25 petence and periodic reviews of professional

1 conduct, and to make widely publicly available
2 (including through posting on the World Wide
3 Web site of the Department) lists of certified
4 inspectors.

5 “(4) EXEMPTION FOR NEW CONSTRUCTION.—

6 The provisions of paragraph (1) shall not apply to
7 any mortgage for a residence that—

8 “(A) has not been occupied during the pe-
9 riod beginning upon completion of the construc-
10 tion of the residence and ending upon the com-
11 mitment to insure the mortgage;

12 “(B) is covered by a consumer protection
13 or warranty plan that is acceptable to the Sec-
14 retary; and

15 “(C) satisfies any requirements which
16 would have been applicable if the residence had
17 been approved for mortgage insurance before
18 the beginning of construction.”.

19 (b) FINANCING INSPECTION COSTS.—

20 (1) The National Housing Act is amended by
21 inserting “, except that the amount included because
22 of a property inspection pursuant to subsection (l)
23 may not exceed the maximum amount, which shall
24 be established by the Secretary” in each of the fol-
25 lowing places:

1 (A) In section 203 (12 U.S.C. 1709)—

2 (i) in subsection (b)(2), in the matter
3 preceding subparagraph (A), after “ap-
4 prove”;

5 (ii) in subsection (b)(2), in the first
6 sentence of the penultimate undesignated
7 paragraph, after “approve”;

8 (iii) in subsection (b)(2), in the first
9 sentence of the last undesignated para-
10 graph, after “approve”; and

11 (iv) in subsection (k)(3)(A), after “ap-
12 prove”.

13 (B) In section 220(d)(3)(A)(i) (12 U.S.C.
14 1715k(d)(3)(A)(i)), after “approve”.

15 (C) In section 221(d)(2) (12 U.S.C.
16 1715l(d)(2)), after “approve”.

17 (D) In section 221(i)(2)(A)(ii) (12 U.S.C.
18 1715l(i)(2)(A)(ii)), after “approve”.

19 (E) In section 237(c)(2) (12 U.S.C.
20 1715z-2(c)(2)), after “approve”.

21 (2) The last sentence of the penultimate undes-
22 ignated paragraph of section 203(b)(2) of the Na-
23 tional Housing Act (12 U.S.C. 1709(b)(2)) is
24 amended by inserting “, except to the extent that

1 this section specifically provides for limitation by
2 percentage or amount” before the period at the end.

3 (3) Section 203(b)(10)(B) of the National
4 Housing Act (12 U.S.C. 1709(b)(10)(B)) is amend-
5 ed by inserting after “approve” the following: “, ex-
6 cept that the amount approved for property inspec-
7 tion pursuant to subsection (l) shall be the maxi-
8 mum amount for such inspection as established by
9 the Secretary”.

10 (c) INSPECTION REQUIREMENT UNDER VARIOUS
11 SINGLE FAMILY PROGRAMS.—The National Housing Act
12 is amended—

13 (1) in section 222(b)(1) (12 U.S.C.
14 1715m(b)(1)), by inserting before the semicolon the
15 following: “, and meet the requirements of section
16 203(l)”;

17 (2) in section 234(c) (12 U.S.C. 1715y(c)), by
18 inserting before “and (2)” the following: “, and
19 meets the requirements of section 203(l)”;

20 (3) in section 809(c) (12 U.S.C. 1748h–1(c)),
21 by striking “section 203(b)” and inserting the fol-
22 lowing: “subsections (b) and (l) of section 203”.

23 **SEC. 204. DEFINITION OF AREA.**

24 (a) DISCRETION TO ENLARGE AREAS AND MEDIAN
25 PRICE IN MSA’S.—Section 203(b)(2) of the National

1 Housing Act (12 U.S.C. 1709(b)(2)) is amended, in the
2 first sentence after subparagraph (B), by inserting before
3 the period the following: “; except that the Secretary may
4 provide that any county or statistical area, together with
5 any counties contiguous or proximate to such county or
6 statistical area, be treated as a single area for purposes
7 of the preceding sentence; and except that the median 1-
8 family housing price for any metropolitan statistical area
9 shall be equal to the median 1-family housing price of the
10 county within the area that has the highest such median
11 price”.

12 (b) MEDIAN PRICE IN EXPANDED MSA’S.—The first
13 sentence after subparagraph (B) of section 203(b)(2) of
14 the National Housing Act (12 U.S.C. 1709(b)(2)), as
15 amended by subsection (a) of this section, is further
16 amended by inserting before the period at the end the fol-
17 lowing: “; and except that the median 1-family housing
18 price for any area (for purposes of the preceding sentence)
19 that consists of a metropolitan statistical area together
20 with the counties contiguous or proximate to such metro-
21 politan statistical area shall be equal to the median 1-fam-
22 ily housing price of the county within such area (for pur-
23 poses of the preceding sentence) that has the highest such
24 median price”.

1 **SEC. 205. RURAL HOUSING GUARANTEED LOANS.**

2 Section 502(h)(6)(C) of the Housing Act of 1949 (42
3 U.S.C. 1472(h)(6)(C)) is amended by striking “, subject
4 to the maximum dollar amount limitation of section
5 203(b)(2) of the National Housing Act” each place it ap-
6 pears.

7 **SEC. 206. EXTENSION OF LOAN TERM FOR MANUFACTURED**
8 **HOME LOTS.**

9 Section 2(b)(3)(E) of the National Housing Act (12
10 U.S.C. 1703(b)(3)(E)) is amended by striking “fifteen”
11 and inserting “twenty”.

12 **SEC. 207. REPEAL OF REQUIREMENTS FOR APPROVAL FOR**
13 **INSURANCE PRIOR TO START OF CONSTRUC-**
14 **TION.**

15 The National Housing Act is amended—

16 (1) in section 203 (12 U.S.C. 1709)—

17 (A) in subsection (b)(2), by striking the
18 4th sentence in the first undesignated para-
19 graph following subparagraph (B); and

20 (B) in subsection (i), by striking “(or, in
21 any case” and all that follows through “90 cen-
22 tum)”;

23 (2) in section 220(d)(3)(A)(i) (12 U.S.C.
24 1715k(d)(3)(A)(i)), by striking “(but, in any case”
25 and all that follows through “90 per centum)”.

1 **SEC. 208. DISPOSITION OF HUD ASSETS OBTAINED**
2 **THROUGH SINGLE FAMILY PROPERTY MORT-**
3 **GAGE INSURANCE PROGRAM.**

4 Section 204 of the National Housing Act (12 U.S.C.
5 1710) is amended—

6 (1) by redesignating subsection (h) as sub-
7 section (i); and

8 (2) by inserting after subsection (g) the follow-
9 ing new subsection:

10 “(h) DISPOSITION OF PROPERTIES TO REVITALIZE
11 NEIGHBORHOODS.—

12 “(1) IN GENERAL.—In using the authority pro-
13 vided under subsection (g) to dispose of any assets
14 acquired by the Secretary pursuant to payment of
15 claims for mortgage insurance under this title on
16 single family dwellings located in areas described in
17 paragraph (2), the Secretary shall implement proce-
18 dures to carry out the following purposes:

19 “(A) Such disposal shall be designed to
20 promote the revitalization of such areas by pro-
21 viding homeownership opportunities for low-
22 and moderate-income families and facilitating
23 rehabilitation of properties.

24 “(B) Such disposal shall, to the maximum
25 extent practicable, be coordinated with or car-
26 ried out through State and local governments

1 having jurisdiction in such areas and interested
2 nonprofit organizations operating in such areas.

3 “(C) Such disposal shall permit sale or
4 transfer of assets singly or in-bulk, and may
5 provide discounts or other incentives for bulk
6 sales or for acquisition by preferred entities.

7 “(2) REVITALIZATION AREAS.—An area de-
8 scribed in this paragraph is an area having a dis-
9 proportionately high concentration of assets acquired
10 by the Secretary pursuant to payment of claims for
11 mortgage insurance under this title on single family
12 dwellings, as compared to such concentrations in
13 surrounding areas.”.

14 **TITLE III—ASSISTANCE FOR**
15 **SELF-HELP HOUSING PROVID-**
16 **ERS**

17 **SEC. 301. EXTENDED PERIOD OF USE OF FUNDS.**

18 Section 11 of the Housing Opportunity Program Ex-
19 tension Act of 1996 (42 U.S.C. 12805 note) is amended
20 by inserting “(or, in the case of grant amounts from
21 amounts made available for fiscal year 1996 to carry out
22 this section, within 36 months)” in each of the following
23 places:

24 (1) In subsection (i)(5), before the comma.

25 (2) In subsection (j), before the second comma.

1 **SEC. 302. AUTHORIZATION OF APPROPRIATIONS.**

2 Section 11 of the Housing Opportunity Program Ex-
3 tension Act of 1996 (42 U.S.C. 12805 note) is amended
4 by adding at the end the following new subsection:

5 “(q) AUTHORIZATION OF APPROPRIATIONS.—To
6 carry out this section, there are authorized to be appro-
7 priated for fiscal year 1999 such sums as may be nec-
8 essary.”.

9 **TITLE IV—SECTION 8**
10 **HOMEOWNERSHIP OPTION**

11 **SEC. 401. PROGRAM FLEXIBILITY.**

12 Section 8(y) of the United States Housing Act of
13 1937 (42 U.S.C. 1437f(y)) is amended—

14 (1) in paragraph (1)—

15 (A) by striking “A family receiving” and
16 all that follows through “if the family” and in-
17 serting the following: “A public housing agency
18 providing tenant-based assistance on behalf of
19 an eligible family under this section may pro-
20 vide assistance for an eligible family that pur-
21 chases a dwelling unit (including a unit under
22 a lease-purchase agreement) that will be owned
23 by 1 or more members of the family, and will
24 be occupied by the family, if the family”;

1 (B) in subparagraph (A), by inserting be-
2 fore the semicolon “, or owns or is acquiring
3 shares in a cooperative”; and

4 (C) in subparagraph (B)—

5 (i) by striking “(i) participates” and
6 all that follows through “(ii)”; and

7 (ii) by inserting “, except that the
8 Secretary may provide for the consider-
9 ation of public assistance in the case of an
10 elderly family or a disabled family” after
11 “other than public assistance”;

12 (2) by striking paragraphs (2), (3), and (4) and
13 inserting the following new paragraphs:

14 “(2) DETERMINATION OF AMOUNT OF ASSIST-
15 ANCE.—

16 “(A) MONTHLY EXPENSES DO NOT EX-
17 CEED PAYMENT STANDARD.—If the monthly
18 homeownership expenses, as determined in ac-
19 cordance with requirements established by the
20 Secretary, do not exceed the payment standard,
21 the monthly assistance payment shall be the
22 amount by which the homeownership expenses
23 exceed the highest of the following amounts,
24 rounded to the nearest dollar:

1 “(i) 30 percent of the monthly ad-
2 justed income of the family.

3 “(ii) 10 percent of the monthly in-
4 come of the family.

5 “(iii) If the family is receiving pay-
6 ments for welfare assistance from a public
7 agency, and a portion of those payments,
8 adjusted in accordance with the actual
9 housing costs of the family, is specifically
10 designated by that agency to meet the
11 housing costs of the family, the portion of
12 those payments that is so designated.

13 “(B) MONTHLY EXPENSES EXCEED PAY-
14 MENT STANDARD.—If the monthly homeowner-
15 ship expenses, as determined in accordance with
16 requirements established by the Secretary, ex-
17 ceed the payment standard, the monthly assist-
18 ance payment shall be the amount by which the
19 applicable payment standard exceeds the high-
20 est of the 3 amounts, rounded to the nearest
21 dollar, under clauses (i), (ii), and (iii) of sub-
22 paragraph (A).

23 “(3) INSPECTIONS AND CONTRACT CONDI-
24 TIONS.—

1 “(A) IN GENERAL.—Each contract for the
2 purchase of a unit to be assisted under this sec-
3 tion shall—

4 “(i) provide for pre-purchase inspec-
5 tion of the unit by an independent profes-
6 sional; and

7 “(ii) require that any cost of nec-
8 essary repairs be paid by the seller.

9 “(B) ANNUAL INSPECTIONS NOT RE-
10 QUIRED.—The requirement under subsection
11 (o)(5)(B) for annual inspections shall not apply
12 to units assisted under this section.

13 “(4) OTHER AUTHORITY OF THE SECRETARY.—
14 The Secretary may—

15 “(A) limit the term of assistance for a
16 family assisted under this subsection; and

17 “(B) modify the requirements of this sub-
18 section as the Secretary determines to be nec-
19 essary to make appropriate adaptations for
20 lease-purchase agreements.”;

21 (3) by striking paragraph (5); and

22 (4) by redesignating paragraphs (6) and (7) as
23 paragraphs (5) and (6), respectively.

1 **SEC. 402. DOWNPAYMENT ASSISTANCE.**

2 Section 8(y) of the United States Housing Act of
3 1937 (42 U.S.C. 1437f(y)), as amended by section 401
4 of this Act, is amended by inserting after paragraph (6)
5 the following new paragraph:

6 “(7) DOWNPAYMENT ASSISTANCE.—

7 “(A) AUTHORITY.—A public housing agen-
8 cy may, in lieu of providing monthly assistance
9 payments under this subsection on behalf of a
10 family eligible for such assistance and at the
11 discretion of the public housing agency, provide
12 assistance for the family in the form of a single
13 grant to be used only as a contribution toward
14 the downpayment required in connection with
15 the purchase of a dwelling.

16 “(B) AMOUNT.—The amount of a down-
17 payment grant on behalf of an assisted family
18 may not exceed the amount that is equal to 3
19 times the sum of the assistance payments that
20 would be made during the first year of assist-
21 ance on behalf of the family, based upon the in-
22 come of the family at the time the grant is to
23 be made.”.

1 **TITLE V—HOME INVESTMENT**
2 **PARTNERSHIPS PROGRAM**

3 **SEC. 501. REAUTHORIZATION.**

4 Section 205 of the Cranston-Gonzalez National Af-
5 fordable Housing Act (42 U.S.C. 12724) is amended to
6 read as follows:

7 **“SEC. 205. AUTHORIZATION.**

8 “(a) IN GENERAL.—There are authorized to be ap-
9 propriated to carry out this title \$1,500,000,000 for each
10 of fiscal years 1999 through 2003, of which—

11 “(1) not more than \$25,000,000 in each such
12 fiscal year shall be for community housing partner-
13 ship activities authorized under section 233; and

14 “(2) not more than \$15,000,000 in each such
15 fiscal year shall be for activities in support of State
16 and local housing strategies authorized under sub-
17 title C.

18 “(b) PROHIBITION OF SET-ASIDES.—Except as pro-
19 vided in subsection (a) of this section and section
20 217(a)(3), amounts appropriated pursuant to subsection
21 (a) or otherwise to carry out this title shall be used only
22 for formula-based grants allocated pursuant to section 217
23 and may not be otherwise used unless the provision of law
24 providing for such other use specifically refers to this sub-

1 section and specifically states that such provision modifies
2 or supersedes the provisions of this subsection.”.

3 **SEC. 502. INCOME ELIGIBILITY TO FACILITATE HOME-**
4 **OWNERSHIP IN HIGH COST AREAS.**

5 (a) HOME INVESTMENT PARTNERSHIPS.—The Cran-
6 ston-Gonzalez National Affordable Housing Act is amend-
7 ed as follows:

8 (1) DEFINITIONS.—In section 104(10) (42
9 U.S.C. 12704(10))—

10 (A) by striking “income ceilings higher or
11 lower” and inserting “an income ceiling high-
12 er”;

13 (B) by striking “variations are” and in-
14 serting “variation is”; and

15 (C) by striking “high or”.

16 (2) INCOME TARGETING.—In section 214(1)(A)
17 (42 U.S.C. 12744(1)(A))—

18 (A) by striking “income ceilings higher or
19 lower” and inserting “an income ceiling high-
20 er”;

21 (B) by striking “variations are” and in-
22 serting “variation is”; and

23 (C) by striking “high or”.

24 (3) LIMITATIONS.—In section 215(a)(1)(A) (42
25 U.S.C. 12745(a)(1)(A))—

1 (A) by striking “income ceilings higher or
2 lower” and inserting “an income ceiling high-
3 er”;

4 (B) by striking “variations are” and in-
5 serting “variation is”; and

6 (C) by striking “high or”.

7 **SEC. 503. ELIGIBILITY OF LIMITED EQUITY COOPERATIVES**
8 **AND MUTUAL HOUSING ASSOCIATIONS.**

9 (a) CONGRESSIONAL FINDINGS.—Section 202(10) of
10 the Cranston-Gonzalez National Affordable Housing Act
11 (42 U.S.C. 12721(10)) is amended by inserting “mutual
12 housing associations,” after “limited equity cooperatives,”.

13 (b) DEFINITIONS.—Section 104 of the Cranston-
14 Gonzalez National Affordable Housing Act (42 U.S.C.
15 12704) is amended—

16 (1) by redesignating paragraph (23) as para-
17 graph (22);

18 (2) by redesignating paragraph (24) (relating to
19 the definition of “insular area”) as paragraph (23);
20 and

21 (3) by adding at the end the following new
22 paragraphs:

23 “(26) The term ‘limited equity cooperative’
24 means a cooperative housing corporation which, in a
25 manner determined by the Secretary to be accept-

1 able, restricts income eligibility of purchasers of
2 membership shares of stock in the cooperative cor-
3 poration or the initial and resale price of such
4 shares, or both, so that the shares remain available
5 and affordable to low-income families.

6 “(27) The term ‘mutual housing association’
7 means a private entity that—

8 “(A) is organized under State law;

9 “(B) is described in section 501(c) of the
10 Internal Revenue Code of 1986 and exempt
11 from taxation under section 501(a) of such
12 Code;

13 “(C) owns, manages, and continuously de-
14 velops affordable housing by providing long-
15 term housing for low- and moderate-income
16 families;

17 “(D) provides that eligible families who
18 purchase membership interests in the associa-
19 tion shall have a right to residence in a dwelling
20 unit in the housing during the period that they
21 hold such membership interest; and

22 “(E) provides for the residents of such
23 housing to participate in the ongoing manage-
24 ment of the housing.”.

1 (c) ELIGIBILITY.—Section 215 of the Cranston-Gon-
2 zalez National Affordable Housing Act (42 U.S.C. 12745)
3 is amended—

4 (1) in subsection (b), by adding after and below
5 paragraph (4) the following:

6 “Housing that is owned by a limited equity cooperative
7 or a mutual housing association may be considered by a
8 participating jurisdiction to be housing for homeownership
9 for purposes of this title to the extent that ownership or
10 membership in such a cooperative or association, respec-
11 tively, constitutes homeownership under State or local
12 laws.”; and

13 (2) in subsection (a), by adding at the end the
14 following new paragraph:

15 “(6) LIMITED EQUITY COOPERATIVES AND MU-
16 TUAL HOUSING ASSOCIATIONS.—Housing that is
17 owned by a limited equity cooperative or a mutual
18 housing association may be considered by a partici-
19 pating jurisdiction to be rental housing for purposes
20 of this title to the extent that ownership or member-
21 ship in such a cooperative or association, respec-
22 tively, constitutes rental of a dwelling under State or
23 local laws.”.

1 **SEC. 504. LEVERAGING AFFORDABLE HOUSING INVEST-**
2 **MENT THROUGH LOCAL LOAN POOLS.**

3 (a) ELIGIBLE INVESTMENTS.—Section 212(b) of the
4 Cranston-Gonzalez National Affordable Housing Act (42
5 U.S.C. 12742(b)) is amended by inserting after “interest
6 subsidies” the following: “, advances to provide reserves
7 for loan pools or to provide partial loan guarantees,”.

8 (b) TIMELY INVESTMENT OF TRUST FUNDS.—Sec-
9 tion 218(e) of the Cranston-Gonzalez National Affordable
10 Housing Act (42 U.S.C. 12748) is amended to read as
11 follows:

12 “(e) INVESTMENT WITHIN 15 DAYS.—

13 “(1) IN GENERAL.—The participating jurisdic-
14 tion shall, not later than 15 days after funds are
15 drawn from the jurisdiction’s HOME Investment
16 Trust Fund, invest such funds, together with any in-
17 terest earned thereon, in the affordable housing for
18 which the funds were withdrawn.

19 “(2) LOAN POOLS.—In the case of a participat-
20 ing jurisdiction that withdraws Trust Fund amounts
21 for investment in the form of an advance for re-
22 serves or partial loan guarantees under a program
23 providing such credit enhancement for loans for af-
24 fordable housing, the amounts shall be considered to
25 be invested for purposes of paragraph (1) upon the
26 completion of both of the following actions:

1 “(A) Control of the amounts is transferred
2 to the program.

3 “(B) The jurisdiction and the entity oper-
4 ating the program enter into a written agree-
5 ment that—

6 “(i) provides that such funds may be
7 used only in connection with such program;

8 “(ii) defines the terms and conditions
9 of the loan pool reserve or partial loan
10 guarantees; and

11 “(iii) provides that such entity shall
12 ensure that amounts from non-Federal
13 sources have been contributed, or are com-
14 mitted for contribution, to the pool avail-
15 able for loans for affordable housing that
16 will be backed by such reserves or loan
17 guarantees in an amount equal to 10 times
18 the amount invested from Trust Fund
19 amounts.”.

20 (c) EXPIRATION OF RIGHT TO WITHDRAW FUNDS.—
21 Section 218(g) of the Cranston-Gonzalez National Afford-
22 able Housing Act (42 U.S.C. 12748(g)) is amended to
23 read as follows:

24 “(g) EXPIRATION OF RIGHT TO DRAW FUNDS.—

1 “(1) IN GENERAL.—If any funds becoming
2 available to a participating jurisdiction under this
3 title are not placed under binding commitment to af-
4 fordable housing within 24 months after the last day
5 of the month in which such funds are deposited in
6 the jurisdiction’s HOME Investment Trust Fund,
7 the jurisdiction’s right to draw such funds from the
8 HOME Investment Trust Fund shall expire. The
9 Secretary shall reduce the line of credit in the par-
10 ticipating jurisdiction’s HOME Investment Trust
11 Fund by the expiring amount and shall reallocate
12 the funds by formula in accordance with section
13 217(d).

14 “(2) LOAN POOLS.—In the case of a participat-
15 ing jurisdiction that withdraws Trust Fund amounts
16 for investment in the manner provided under sub-
17 section (e)(2), the amounts shall be considered to be
18 placed under binding commitment to affordable
19 housing for purposes of paragraph (1) of this sub-
20 section at the time that the amounts are obligated
21 for use under, and are subject to, a written agree-
22 ment described in subsection (e)(2)(B).”.

23 (d) TREATMENT OF MIXED INCOME LOAN POOLS AS
24 AFFORDABLE HOUSING.—

1 (1) IN GENERAL.—Section 215 of the Cran-
2 ston-Gonzalez National Affordable Housing Act (42
3 U.S.C. 12745) is amended by adding at the end the
4 following new subsection:

5 “(c) LOAN POOLS.—Notwithstanding subsections (a)
6 and (b), housing financed using amounts invested as pro-
7 vided in section 218(e)(2) shall qualify as affordable hous-
8 ing only if the housing complies with the following require-
9 ments:

10 “(1) In the case of housing that is for home-
11 ownership—

12 “(A) of the units financed with amounts so
13 invested—

14 “(i) not less than 75 percent are prin-
15 cipal residences of owners whose families
16 qualify as low-income families—

17 “(I) in the case of a contract to
18 purchase existing housing, at the time
19 of purchase;

20 “(II) in the case of a lease-pur-
21 chase agreement for existing housing
22 or for housing to be constructed, at
23 the time the agreement is signed; or

1 “(III) in the case of a contract to
2 purchase housing to be constructed, at
3 the time the contract is signed;

4 “(ii) all are principal residences of
5 owners whose families qualify as moderate-
6 income families—

7 “(I) in the case of a contract to
8 purchase existing housing, at the time
9 of purchase;

10 “(II) in the case of a lease-pur-
11 chase agreement for existing housing
12 or for housing to be constructed, at
13 the time the agreement is signed; or

14 “(III) in the case of a contract to
15 purchase housing to be constructed, at
16 the time the contract is signed; and

17 “(iii) all comply with paragraphs (3)
18 and (4) of subsection (b), except that para-
19 graph (3) shall be applied for purposes of
20 this clause by substituting ‘subsection
21 (c)(2)(B)’ and ‘low- and moderate-income
22 homebuyers’ for ‘paragraph (2)’ and ‘low-
23 income homebuyers’, respectively; and

24 “(B) units made available for purchase
25 only by families who qualify as low-income fam-

1 ilies shall have an initial purchase price that
2 complies with the requirements of subsection
3 (b)(1).

4 “(2) In the case of housing that is for rental,
5 the housing—

6 “(A) complies with subparagraphs (D)
7 through (F) of subsection (a)(1);

8 “(B)(i) has not less than 75 percent of the
9 units occupied by households that qualify as
10 low-income families and is occupied only by
11 households that qualify as moderate-income
12 families; or

13 “(ii) temporarily fails to comply with
14 clause (i) only because of increases in the in-
15 comes of existing tenants and actions satisfac-
16 tory to the Secretary are being taken to ensure
17 that all vacancies in the housing are being filled
18 in accordance with clause (i) until such non-
19 compliance is corrected; and

20 “(C) bears rents, in the case of units made
21 available for occupancy only by households that
22 qualify as low-income families, that comply with
23 the requirements of subsection (a)(1)(A).

24 Paragraphs (4) and (5) of subsection (a) shall apply
25 to housing that is subject to this subsection.”.

1 (2) DEFINITION.—Section 104 of the Cranston-
2 Gonzalez National Affordable Housing Act (42
3 U.S.C. 12704) is amended—

4 (A) by redesignating paragraph (25) as
5 paragraph (26);

6 (B) by redesignating paragraph (24) (re-
7 lating to the definition of energy efficient mort-
8 gage) as paragraph (25);

9 (C) by redesignating paragraphs (11)
10 through (21) as paragraphs (12) through (22),
11 respectively; and

12 (D) by inserting after paragraph (10) the
13 following new paragraph:

14 “(11) The term ‘moderate income families’
15 means families whose incomes do not exceed the me-
16 dian income for the area, as determined by the Sec-
17 retary with adjustments for smaller and larger fami-
18 lies, except that the Secretary may establish income
19 ceilings higher or lower than the median income for
20 the area on the basis of the Secretary’s findings that
21 such variations are necessary because of prevailing
22 levels of construction costs or fair market rents, or
23 unusually high or low family incomes.”.

1 **SEC. 505. LOAN GUARANTEES.**

2 Subtitle A of title II of the Cranston-Gonzalez Na-
3 tional Affordable Housing Act (42 U.S.C. 12741 et seq.)
4 is amended by adding at the end the following new section:

5 **“SEC. 227. LOAN GUARANTEES.**

6 “(a) **AUTHORITY.**—The Secretary may, upon such
7 terms and conditions as the Secretary may prescribe,
8 guarantee and make commitments to guarantee, only to
9 such extent or in such amounts as provided in appropria-
10 tions Acts, the notes or other obligations issued by eligible
11 participating jurisdictions or by public agencies designated
12 by and acting on behalf of eligible participating jurisdic-
13 tions for purposes of financing (including credit enhance-
14 ments and debt service reserves) the acquisition, new con-
15 struction, reconstruction, or moderate or substantial reha-
16 bilitation of affordable housing (including real property ac-
17 quisition, site improvement, conversion, and demolition),
18 and other related expenses (including financing costs and
19 relocation expenses of any displaced persons, families,
20 businesses, or organizations). Housing funded under this
21 section shall meet the requirements of this subtitle.

22 “(b) **REQUIREMENTS.**—Notes or other obligations
23 guaranteed under this section shall be in such form and
24 denominations, have such maturities, and be subject to
25 such conditions as may be prescribed by the Secretary.
26 The Secretary may not deny a guarantee under this sec-

1 tion on the basis of the proposed repayment period for
2 the note or other obligation, unless the period is more than
3 20 years or the Secretary determines that the period oth-
4 erwise causes the guarantee to constitute an unacceptable
5 financial risk.

6 “(c) LIMITATION ON TOTAL NOTES AND OBLIGA-
7 TIONS.—The Secretary may not guarantee or make a com-
8 mitment to guarantee any note or other obligation if the
9 total outstanding notes or obligations guaranteed under
10 this section on behalf of the participating jurisdiction
11 issuing the note or obligation (excluding any amount
12 defeased under a contract entered into under subsection
13 (e)(1)) would thereby exceed an amount equal to 5 times
14 the amount of the participating jurisdiction’s latest alloca-
15 tion under section 217.

16 “(d) USE OF PROGRAM FUNDS.—Notwithstanding
17 any other provision of this subtitle, funds allocated to the
18 participating jurisdiction under this subtitle (including
19 program income derived therefrom) are authorized for use
20 in the payment of principal and interest due on the notes
21 or other obligations guaranteed pursuant to this section
22 and the payment of such servicing, underwriting, or other
23 issuance or collection charges as may be specified by the
24 Secretary.

1 “(e) SECURITY.—To assure the full repayment of
2 notes or other obligations guaranteed under this section,
3 and payment of the issuance or collection charges specified
4 by the Secretary under subsection (d), and as a prior con-
5 dition for receiving such guarantees, the Secretary shall
6 require the participating jurisdiction (and its designated
7 public agency issuer, if any) to—

8 “(1) enter into a contract, in a form acceptable
9 to the Secretary, for repayment of such notes or
10 other obligations and the other specified charges;

11 “(2) pledge as security for such repayment any
12 allocation for which the participating jurisdiction
13 may become eligible under this subtitle; and

14 “(3) furnish, at the discretion of the Secretary,
15 such other security as may be deemed appropriate
16 by the Secretary in making such guarantees, which
17 may include increments in local tax receipts gen-
18 erated by the housing assisted under this section or
19 disposition proceeds from the sale of land or hous-
20 ing.

21 “(f) REPAYMENT AUTHORITY.—The Secretary may,
22 notwithstanding any other provision of this subtitle or any
23 other Federal, State, or local law, apply allocations
24 pledged pursuant to subsection (e) to any repayments due
25 the United States as a result of such guarantees.

1 “(g) FULL FAITH AND CREDIT.—The full faith and
2 credit of the United States is pledged to the payment of
3 all guarantees made under this section. Any such guaran-
4 tee made by the Secretary shall be conclusive evidence of
5 the eligibility of the notes or other obligations for such
6 guarantee with respect to principal and interest, and the
7 validity of any such guarantee so made shall be incontest-
8 able in the hands of a holder of the guaranteed obligations.

9 “(h) TAX STATUS.—With respect to any obligation
10 guaranteed pursuant to this section, the interest paid on
11 such obligation shall be included in gross income for pur-
12 poses of the Internal Revenue Code of 1986.

13 “(i) MONITORING.—The Secretary shall monitor the
14 use of guarantees under this section by eligible participat-
15 ing jurisdictions. If the Secretary finds that 50 percent
16 of the aggregate guarantee authority for any fiscal year
17 has been committed, the Secretary may impose limitations
18 on the amount of guarantees any 1 participating jurisdic-
19 tion may receive during that fiscal year.

20 “(j) GUARANTEE OF TRUST CERTIFICATES.—

21 “(1) AUTHORITY.—The Secretary may, upon
22 such terms and conditions as the Secretary deems
23 appropriate, guarantee the timely payment of the
24 principal of and interest on such trust certificates or
25 other obligations as may—

1 “(A) be offered by the Secretary or by any
2 other offeror approved for purposes of this sub-
3 section by the Secretary; and

4 “(B) be based on and backed by a trust or
5 pool composed of notes or other obligations
6 guaranteed or eligible for guarantee by the Sec-
7 retary under this section.

8 “(2) FULL FAITH AND CREDIT.—To the same
9 extent as provided in subsection (g), the full faith
10 and credit of the United States is pledged to the
11 payment of all amounts which may be required to be
12 paid under any guarantee by the Secretary under
13 this subsection.

14 “(3) SUBROGATION.—In the event the Sec-
15 retary pays a claim under a guarantee issued under
16 this section, the Secretary shall be subrogated fully
17 to the rights satisfied by such payment.

18 “(4) OTHER POWERS AND RIGHTS.—No State
19 or local law, and no Federal law, shall preclude or
20 limit the exercise by the Secretary of—

21 “(A) the power to contract with respect to
22 public offerings and other sales of notes, trust
23 certificates, and other obligations guaranteed
24 under this section, upon such terms and condi-
25 tions as the Secretary deems appropriate;

1 “(B) the right to enforce, by any means
2 deemed appropriate by the Secretary, any such
3 contract; and

4 “(C) the Secretary’s ownership rights, as
5 applicable, in notes, certificates or other obliga-
6 tions guaranteed under this section, or con-
7 stituting the trust or pool against which trust
8 certificates or other obligations guaranteed
9 under this section are offered.

10 “(k) AGGREGATE LIMITATION.—The total amount of
11 outstanding obligations guaranteed on a cumulative basis
12 by the Secretary under this section shall not at any time
13 exceed \$2,000,000,000.”.

14 **SEC. 506. DETERMINATION OF LOW-INCOME ELIGIBILITY**
15 **FOR HOMEOWNERSHIP ASSISTANCE.**

16 (a) INCOME TARGETING.—Section 214(2) of the
17 Cranston-Gonzalez National Affordable Housing Act is
18 amended by striking “at the time of occupancy or at the
19 time funds are invested, whichever is later”.

20 (b) QUALIFICATION AS AFFORDABLE HOUSING.—
21 Section 215(b)(2) of such Act is amended to read as fol-
22 lows:

23 “(2) is the principal residence of an owner
24 whose family qualifies as a low-income family—

1 “(A) in the case of a contract to purchase
2 existing housing, at the time of purchase;

3 “(B) in the case of a lease-purchase agree-
4 ment for existing housing or for housing to be
5 constructed, at the time the agreement is
6 signed; or

7 “(C) in the case of a contract to purchase
8 housing to be constructed, at the time the con-
9 tract is signed;”.

10 **TITLE VI—LOCAL**
11 **HOMEOWNERSHIP INITIATIVES**

12 **SEC. 601. REAUTHORIZATION OF NEIGHBORHOOD REIN-**
13 **VESTMENT CORPORATION.**

14 Section 608(a)(1) of the Neighborhood Reinvestment
15 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by
16 striking the first sentence and inserting the following:
17 “There are authorized to be appropriated to the corpora-
18 tion to carry out this title \$90,000,000 for each of fiscal
19 years 1999 through 2003. Of any amounts made available
20 pursuant to this subsection for fiscal year 1999,
21 \$25,000,000 shall be for a pilot homeownership initiative,
22 including an evaluation by an independent third party to
23 determine its effectiveness.”.

1 **SEC. 602. INCOME ELIGIBILITY UNDER CDBG TO FACILI-**
2 **TATE HOMEOWNERSHIP IN HIGH-COST**
3 **AREAS.**

4 Section 102(a)(20) of the Housing and Community
5 Development Act of 1974 (42 U.S.C. 5302(a)(20)) is
6 amended by striking subparagraph (B) and inserting the
7 following new subparagraph:

8 “(B) The Secretary may—

9 “(i) with respect to any reference in sub-
10 paragraph (A) to 50 percent of the median in-
11 come of the area involved, establish percentages
12 of median income for any area that are higher
13 or lower than 50 percent if the Secretary finds
14 such variations to be necessary because of un-
15 usually high or low family incomes in such area;
16 and

17 “(ii) with respect to any reference in sub-
18 paragraph (A) to 80 percent of the median in-
19 come of the area involved, establish a percent-
20 age of median income for any area that is high-
21 er than 80 percent if the Secretary finds such
22 variation to be necessary because of unusually
23 low family incomes in such area.”.

1 **SEC. 603. HOMEOWNERSHIP ZONES.**

2 Section 186 of the Housing and Community Develop-
3 ment Act of 1992 (42 U.S.C. 12898a) is amended to read
4 as follows:

5 **“SEC. 186. HOMEOWNERSHIP ZONE GRANTS.**

6 “(a) **AUTHORITY.**—The Secretary of Housing and
7 Urban Development may make grants to units of general
8 local government to assist homeownership zones. Home-
9 ownership zones are contiguous, geographically defined
10 areas, primarily residential in nature, in which large-scale
11 development projects are designed to reclaim distressed
12 neighborhoods by creating homeownership opportunities
13 for low- and moderate-income families. Projects in home-
14 ownership zones are intended to serve as a catalyst for
15 private investment, business creation, and neighborhood
16 revitalization.

17 “(b) **ELIGIBLE ACTIVITIES.**—Amounts made avail-
18 able under this section may be used for projects that in-
19 clude any of the following activities in the homeownership
20 zone:

21 “(1) Acquisition, construction, and rehabilita-
22 tion of housing.

23 “(2) Site acquisition and preparation, including
24 demolition, construction, reconstruction, or installa-
25 tion of public and other site improvements and utili-
26 ties directly related to the homeownership zone.

1 “(3) Direct financial assistance to homebuyers.

2 “(4) Homeownership counseling.

3 “(5) Relocation assistance.

4 “(6) Marketing costs, including affirmative
5 marketing activities.

6 “(7) Other project-related costs.

7 “(8) Reasonable administrative costs (up to 5
8 percent of the grant amount).

9 “(9) Other housing-related activities proposed
10 by the applicant as essential to the success of the
11 homeownership zone and approved by the Secretary.

12 “(c) APPLICATION.—To be eligible for a grant under
13 this section, a unit of general local government shall sub-
14 mit an application for a homeownership zone grant in such
15 form and in accordance with such procedures as the Sec-
16 retary shall establish.

17 “(d) SELECTION CRITERIA.—The Secretary shall se-
18 lect applications for funding under this section through
19 a national competition, using selection criteria established
20 by the Secretary, which shall include—

21 “(1) the degree to which the proposed activities
22 will result in the improvement of the economic, so-
23 cial, and physical aspects of the neighborhood and
24 the lives of its residents through the creation of new
25 homeownership opportunities;

1 “(2) the levels of distress in the homeownership
2 zone as a whole, and in the immediate neighborhood
3 of the project for which assistance is requested;

4 “(3) the financial soundness of the plan for fi-
5 nancing homeownership zone activities;

6 “(4) the leveraging of other resources; and

7 “(5) the capacity to successfully carry out the
8 plan.

9 “(e) GRANT APPROVAL AMOUNTS.—The Secretary
10 may establish a maximum amount for any grant for any
11 funding round under this section. A grant may not be
12 made in an amount that exceeds the amount that the Sec-
13 retary determines is necessary to fund the project for
14 which the application is made.

15 “(f) PROGRAM REQUIREMENTS.—A homeownership
16 zone proposal shall—

17 “(1) provide for a significant number of new
18 homeownership opportunities that will make a visible
19 improvement in an immediate neighborhood;

20 “(2) not be inconsistent with such planning and
21 design principles as may be prescribed by the Sec-
22 retary;

23 “(3) be designed to stimulate additional invest-
24 ment in that area;

1 “(4) provide for partnerships with persons or
2 entities in the private and nonprofit sectors;

3 “(5) incorporate a comprehensive approach to
4 revitalization of the neighborhood;

5 “(6) establish a detailed time-line for com-
6 mencement and completion of construction activities;
7 and

8 “(7) provide for affirmatively furthering fair
9 housing.

10 “(g) INCOME TARGETING.—At least 51 percent of
11 the homebuyers assisted with funds under this section
12 shall have household incomes at or below 80 percent of
13 median income for the area, as determined by the Sec-
14 retary.

15 “(h) ENVIRONMENTAL REVIEW.—For purposes of
16 environmental review, decisionmaking, and action pursu-
17 ant to the National Environmental Policy Act of 1969 and
18 other provisions of law that further the purposes of such
19 Act, a grant under this section shall be treated as assist-
20 ance under the HOME Investment Partnerships Act and
21 shall be subject to the regulations issued by the Secretary
22 to implement section 288 of such Act.

23 “(i) REVIEW, AUDIT, AND REPORTING.—The Sec-
24 retary shall make such reviews and audits and establish
25 such reporting requirements as may be necessary or ap-

1 appropriate to determine whether the grantee has carried out
2 its activities in a timely manner and in accordance with
3 the requirements of this section. The Secretary may ad-
4 just, reduce, or withdraw amounts made available, or take
5 other action as appropriate, in accordance with the Sec-
6 retary's performance reviews and audits under this sec-
7 tion.

8 “(j) AUTHORIZATION.—There are authorized to be
9 appropriated to carry out this section \$25,000,000 for fis-
10 cal year 1999 and such sums as may be necessary for fis-
11 cal year 2000, to remain available until expended.”.

12 **SEC. 604. LEASE-TO-OWN.**

13 (a) SENSE OF CONGRESS.—It is the sense of the Con-
14 gress that residential tenancies under lease-to-own provi-
15 sions can facilitate homeownership by low- and moderate-
16 income families and provide opportunities for homeowner-
17 ship for such families who might not otherwise be able
18 to afford homeownership.

19 (b) REPORT.—Not later than the expiration of the
20 3-month period beginning on the date of the enactment
21 of this Act, the Secretary of Housing and Urban Develop-
22 ment shall submit a report to the Congress—

23 (1) analyzing whether lease-to-own provisions
24 can be effectively incorporated within the HOME in-
25 vestment partnerships program, the public housing

1 program, the tenant-based rental assistance program
2 under section 8 of the United States Housing Act of
3 1937, or any other programs of the Department to
4 facilitate homeownership by low- or moderate-income
5 families;

6 (2) any legislative or administrative changes
7 necessary to alter or amend such programs to allow
8 the use of lease-to-own options to provide home-
9 ownership opportunities.

10 **SEC. 605. HOUSING COUNSELING.**

11 (a) EXTENSION OF EMERGENCY HOMEOWNERSHIP
12 COUNSELING.—Section 106(c)(9) of the Housing and
13 Urban Development Act of 1968 (12 U.S.C. 1701x(c)(9))
14 is amended by striking “September 30, 1994” and insert-
15 ing “September 30, 2003”.

16 (b) EXTENSION OF PREPURCHASE AND FORE-
17 CLOSURE PREVENTION COUNSELING DEMONSTRATION.—
18 Section 106(d)(13) of the Housing and Urban Develop-
19 ment Act of 1968 (12 U.S.C. 1701x(d)(12)) is amended
20 by striking “fiscal year 1994” and inserting “fiscal year
21 2003”.

22 (c) NOTIFICATION OF DELINQUENCY ON VETERANS
23 HOME LOANS.—Subparagraph (C) of section 106(c)(5) of
24 the Housing and Urban Development Act of 1968 is
25 amended to read as follows:

1 “(C) NOTIFICATION.—Notification under
2 subparagraph (A) shall not be required with re-
3 spect to any loan for which the eligible home-
4 owner pays the amount overdue before the expi-
5 ration of the 45-day period under subparagraph
6 (B)(ii).”.

7 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
8 106 of the Housing and Urban Development Act of 1968
9 (12 U.S.C. 1701x) is amended by adding at the end the
10 following new subsection:

11 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
12 is authorized to be appropriated to carry out the various
13 programs and activities under this section—

14 “(1) for fiscal year 1999, \$25,000,000, of
15 which \$1,000,000 shall be available to carry out sub-
16 section (c)(5)(D); and

17 “(2) for each of fiscal years 2000, 2001, 2002,
18 and 2003, such sums as may be necessary.”.

19 **SEC. 606. LOCAL CAPACITY BUILDING.**

20 Section 4 of the HUD Demonstration Act of 1993
21 (42 U.S.C. 9816 note) is amended—

22 (1) in subsection (a), by inserting “National
23 Association of Housing Partnerships,” after “Hu-
24 manity,”; and

1 (2) in subsection (e), by striking “\$25,000,000”
2 and all that follows and inserting “, for each fiscal
3 year, such sums as may be necessary to carry out
4 this section.”.

5 **TITLE VII—MANUFACTURED**
6 **HOUSING IMPROVEMENT**

7 **SEC. 701. SHORT TITLE AND REFERENCES.**

8 (a) SHORT TITLE.—This title may be cited as the
9 “Manufactured Housing Improvement Act”.

10 (b) REFERENCES.—Whenever in this title an amend-
11 ment is expressed in terms of an amendment to, or repeal
12 of, a section or other provision, the reference shall be con-
13 sidered to be made to that section or other provision of
14 the National Manufactured Housing Construction and
15 Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.).

16 **SEC. 702. FINDINGS AND PURPOSES.**

17 Section 602 (42 U.S.C. 5401) is amended to read as
18 follows:

19 “FINDINGS AND PURPOSES

20 “SEC. 602. (a) FINDINGS.—The Congress finds
21 that—

22 “(1) manufactured housing plays a vital role in
23 meeting the housing needs of the Nation; and

24 “(2) manufactured homes provide a significant
25 resource for affordable homeownership and rental
26 housing accessible to all Americans.

1 “(b) PURPOSES.—The purposes of this title are—

2 “(1) to facilitate the acceptance of the quality,
3 durability, safety, and affordability of manufactured
4 housing within the Department of Housing and
5 Urban Development;

6 “(2) to facilitate the availability of affordable
7 manufactured homes and to increase homeownership
8 for all Americans;

9 “(3) to provide for the establishment of prac-
10 tical, uniform, and, to the extent possible, perform-
11 ance-based Federal construction standards;

12 “(4) to encourage innovative and cost-effective
13 construction techniques;

14 “(5) to protect owners of manufactured homes
15 from unreasonable risk of personal injury and prop-
16 erty damage;

17 “(6) to establish a balanced consensus process
18 for the development, revision, and interpretation of
19 Federal construction and safety standards for manu-
20 factured homes and related regulations for the en-
21 forcement of such standards;

22 “(7) to ensure uniform and effective enforce-
23 ment of Federal construction and safety standards
24 for manufactured homes; and

1 “(8) to ensure that the public interest in, and
2 need for, affordable manufactured housing is duly
3 considered in all determinations relating to the Fed-
4 eral standards and their enforcement.”.

5 **SEC. 703. DEFINITIONS.**

6 (a) IN GENERAL.—Section 603 (42 U.S.C. 5402) is
7 amended—

8 (1) in paragraph (2), by striking “dealer” and
9 inserting “retailer”;

10 (2) in paragraph (12), by striking “and” at the
11 end;

12 (3) in paragraph (13), by striking the period at
13 the end and inserting a semicolon; and

14 (4) by adding at the end the following new
15 paragraphs:

16 “(14) ‘administering organization’ means the
17 recognized, voluntary, private sector, consensus
18 standards body with specific experience in developing
19 model residential building codes and standards in-
20 volving all disciplines regarding construction and
21 safety that administers the consensus standards de-
22 velopment process;

23 “(15) ‘consensus committee’ means the commit-
24 tee established under section 604(a)(3);

1 “(16) ‘consensus standards development proc-
2 ess’ means the process by which additions, revisions,
3 and interpretations to the Federal manufactured
4 home construction and safety standards and enforce-
5 ment regulations shall be developed and rec-
6 ommended to the Secretary by the consensus com-
7 mittee;

8 “(17) ‘primary inspection agency’ means a
9 State agency or private organization that has been
10 approved by the Secretary to act as a design ap-
11 proval primary inspection agency or a production in-
12 spection primary inspection agency, or both;

13 “(18) ‘design approval primary inspection agen-
14 cy’ means a State agency or private organization
15 that has been approved by the Secretary to evaluate
16 and either approve or disapprove manufactured
17 home designs and quality control procedures;

18 “(19) ‘production inspection primary inspection
19 agency’ means a State agency or private organiza-
20 tion that has been approved by the Secretary to
21 evaluate the ability of manufactured home manufac-
22 turing plants to comply with approved quality con-
23 trol procedures and with the Federal manufactured
24 home construction and safety standards promulgated
25 hereunder; and

1 “(20) ‘monitoring’ means the process of peri-
2 odic review of the primary inspection agencies, by
3 the Secretary or by a State agency under an ap-
4 proved State plan pursuant to section 623, in ac-
5 cordance with regulations adopted by the consensus
6 committee and promulgated in accordance with sec-
7 tion 604(a)(4)(B). Such monitoring shall be for the
8 purpose of ensuring that the primary inspection
9 agencies are discharging their duties as defined
10 herein.”.

11 (b) CONFORMING AMENDMENTS.—The National
12 Manufactured Housing Construction and Safety Stand-
13 ards Act of 1974 is amended—

14 (1) in section 613 (42 U.S.C. 5412), by striking
15 “dealer” each place it appears and inserting “re-
16 tailer”;

17 (2) in section 614(f) (42 U.S.C. 5413(f)), by
18 striking “dealer” each place it appears and inserting
19 “retailer”;

20 (3) in section 615 (42 U.S.C. 5414)—

21 (A) in subsection (b)(1), by striking “deal-
22 er” and inserting “retailer”;

23 (B) in subsection (b)(3), by striking “deal-
24 er or dealers” and inserting “retailer or retail-
25 ers”; and

1 (C) in subsections (d) and (f), by striking
2 “dealers” each place it appears and inserting
3 “retailers”;

4 (4) in section 616 (42 U.S.C. 5415), by striking
5 “dealer” and inserting “retailer”; and

6 (5) in section 623(c)(9), by striking “dealers”
7 and inserting “retailers”.

8 **SEC. 704. FEDERAL MANUFACTURED HOME CONSTRUC-**
9 **TION AND SAFETY STANDARDS.**

10 Section 604 (42 U.S.C. 5304) is amended—

11 (1) by striking subsections (a) and (b) and in-
12 serting the following new subsections:

13 “(a) ESTABLISHMENT.—

14 “(1) AUTHORITY.—The Secretary shall estab-
15 lish, by order, appropriate Federal manufactured
16 home construction and safety standards, each of
17 which—

18 “(A) shall—

19 “(i) be reasonable and practical;

20 “(ii) meet high standards of protec-
21 tion consistent with the enumerated pur-
22 poses of this title; and

23 “(iii) where appropriate, be perform-
24 ance-based and stated objectively; and

1 “(B) except as provided in subsection (b),
2 shall be established in accordance with the con-
3 sensus standards development process.

4 “(2) CONSENSUS STANDARDS AND REGU-
5 LATORY DEVELOPMENT PROCESS.—

6 “(A) INITIAL AGREEMENT.—Not later
7 than 180 days after the date of enactment of
8 the Manufactured Housing Improvement Act,
9 the Secretary shall enter into a contract with a
10 recognized, voluntary, private sector consensus
11 standards body to administer the consensus
12 standards development process. The contractual
13 agreement shall—

14 “(i) terminate on the date on which a
15 contract is entered into under subpara-
16 graph (B); and

17 “(ii) require the administering organi-
18 zation to—

19 “(I) appoint the initial members
20 of the consensus committee under
21 paragraph (3);

22 “(II) administer the consensus
23 standards development process until
24 the termination of that agreement;
25 and

1 “(III) administer the consensus
2 development and interpretation proc-
3 ess for procedural and enforcement
4 regulations and regulations specifying
5 the permissible scope and conduct of
6 monitoring until the termination of
7 that agreement.

8 “(B) COMPETITIVELY PROCURED CON-
9 TRACT.—Upon the expiration of the 4-year pe-
10 riod beginning on the date on which all mem-
11 bers of the consensus committee are appointed
12 under paragraph (3), the Secretary shall, using
13 competitive procedures (as such term is defined
14 in section 4 of the Office of Federal Procure-
15 ment Policy Act), enter into a competitively
16 awarded contract with a qualified technical or
17 building code organization (which may be the
18 Council of American Building Officials) under
19 which the organization shall administer the con-
20 sensus process for the development and inter-
21 pretation of the Federal standards, the proce-
22 dural and enforcement regulations and regula-
23 tions specifying the permissible scope and con-
24 duct of monitoring in accordance with this title.

1 “(C) PERFORMANCE REVIEW.—The Sec-
2 retary—

3 “(i) shall periodically review the per-
4 formance of the administering organiza-
5 tion; and

6 “(ii) may replace the administering
7 organization with another qualified tech-
8 nical or building code organization, pursu-
9 ant to competitive procedures, if the Sec-
10 retary determines in writing that the ad-
11 ministering organization is not fulfilling
12 the terms of the agreement or contract to
13 which the administering organization is
14 subject or upon the expiration of the
15 agreement or contract.

16 “(3) CONSENSUS COMMITTEE.—

17 “(A) PURPOSE.—There is established a
18 committee to be known as the ‘consensus com-
19 mittee’, which shall, in accordance with this
20 title—

21 “(i) provide periodic recommendations
22 to the Secretary to adopt, revise, and inter-
23 pret the Federal manufactured housing
24 construction and safety standards in ac-
25 cordance with this subsection;

1 “(ii) provide periodic recommenda-
2 tions to the Secretary to adopt, revise, and
3 interpret the procedural and enforcement
4 regulations, including regulations specify-
5 ing the permissible scope and conduct of
6 monitoring in accordance with this sub-
7 section; and

8 “(iii) be organized and carry out its
9 business in a manner that guarantees a
10 fair opportunity for the expression and
11 consideration of various positions and for
12 public participation.

13 “(B) MEMBERSHIP.—The consensus com-
14 mittee shall be composed of—

15 “(i) 25 voting members appointed,
16 subject to approval by the Secretary, by
17 the administering organization from among
18 individuals who are qualified by back-
19 ground and experience to participate in the
20 work of the consensus committee; and

21 “(ii) 1 member appointed by the Sec-
22 retary to represent the Secretary on the
23 consensus committee, who shall be a non-
24 voting member.

1 “(C) DISAPPROVAL.—The Secretary may
2 disapprove the appointment of an individual
3 under subparagraph (B)(i) only if the Secretary
4 makes a finding, in writing, that—

5 “(i) the appointment was not made in
6 accordance with subparagraph (D); or

7 “(ii) the individual is not qualified to
8 represent the interest category referred to
9 in subparagraph (D) for which the individ-
10 ual has been appointed.

11 “(D) SELECTION PROCEDURES AND RE-
12 QUIREMENTS.—Each member shall be ap-
13 pointed in accordance with the selection proce-
14 dures, which shall be established by the Sec-
15 retary and which shall be based on the proce-
16 dures for consensus committees promulgated by
17 the American National Standards Institute (or
18 successor organization), except that the Amer-
19 ican National Standards Institute interest cat-
20 egories shall be modified for purposes of this
21 paragraph to ensure equal representation on
22 the consensus committee of the following inter-
23 est categories:

24 “(i) Manufacturers.

1 “(ii) Retailers, insurers, suppliers,
2 lenders, community owners, and private in-
3 spection agencies that have a financial in-
4 terest in the manufactured housing indus-
5 try.

6 “(iii) Homeowners and consumer rep-
7 resentatives.

8 “(iv) Public officials, including those
9 from State agencies or local building code
10 enforcement and inspection agencies.

11 “(v) General interest groups, includ-
12 ing academicians, researchers, architects,
13 engineers, homebuilders, and others.

14 “(E) ADDITIONAL QUALIFICATIONS.—

15 “(i) FINANCIAL INTEREST.—No mem-
16 ber appointed under clause (iii), (iv), or (v)
17 of subparagraph (D) may have a signifi-
18 cant financial interest in the manufactured
19 housing industry, unless—

20 “(I) such member is a private in-
21 spection agency; or

22 “(II) such bar to participation is
23 waived by the Secretary in writing.

24 “(ii) LIMITATION ON PRIVATE INSPEC-
25 TION AGENCIES.—The number of members

1 appointed under subparagraph (D)(v) who
2 represent private inspection agencies shall
3 not constitute more than 20 percent of the
4 total number of members appointed under
5 subparagraph (D)(v).

6 “(F) MEETINGS.—The consensus commit-
7 tee shall provide advance notice of each meeting
8 of the consensus committee to the Secretary
9 and publish advance notice of each such meet-
10 ing in the Federal Register. All meetings of the
11 consensus committee shall be open to the pub-
12 lic.

13 “(G) INAPPLICABILITY OF OTHER LAWS.—

14 “(i) ADVISORY COMMITTEE ACT.—The
15 consensus committee shall not be consid-
16 ered to be an advisory committee for pur-
17 poses of the Federal Advisory Committee
18 Act.

19 “(ii) TITLE 18.—The members of the
20 consensus committee shall not be subject
21 to section 203, 205, 207, or 208 of title
22 18, United States Code, to the extent of
23 their proper participation as members of
24 the consensus committee.

1 “(iii) ETHICS IN GOVERNMENT ACT
2 OF 1978.—The Ethics in Government Act
3 of 1978 shall not apply to members of the
4 consensus committee to the extent of their
5 proper participation as members of the
6 consensus committee.

7 “(H) ADMINISTRATION.—The consensus
8 committee and the administering organization
9 shall—

10 “(i) operate in conformance with the
11 procedures established by the American
12 National Standards Institute for the devel-
13 opment and coordination of American Na-
14 tional Standards; and

15 “(ii) apply to the American National
16 Standards Institute and take such other
17 actions as may be necessary to obtain ac-
18 creditation from the American National
19 Standards Institute.

20 “(I) STAFF.—The administering organiza-
21 tion shall, upon the request of the consensus
22 committee, provide reasonable staff resources to
23 the consensus committee.

24 “(J) DATE OF INITIAL APPOINTMENTS.—
25 The initial appointments of all of the members

1 of the consensus committee shall be completed
2 not later than 90 days after the date on which
3 an administration agreement under paragraph
4 (2)(A) is completed with the Council of Amer-
5 ican Building Officials.

6 “(4) REVISIONS.—

7 “(A) IN GENERAL.—Beginning on the date
8 on which all members of the consensus commit-
9 tee are appointed under paragraph (3), the con-
10 sensus committee shall, not less than once dur-
11 ing each 2-year period—

12 “(i) consider revisions to the Federal
13 manufactured home construction and safe-
14 ty standards and procedural and enforce-
15 ment regulations (including the adoption of
16 regulations specifying the permissible scope
17 and conduct of monitoring); and

18 “(ii) submit proposed revised stand-
19 ards and regulations to the Secretary.

20 “(B) PUBLICATION OF PROPOSED REVISED
21 STANDARDS AND REGULATIONS.—Before sub-
22 mitting any proposed revised standard or regu-
23 lation under subparagraph (A)(ii), the consen-
24 sus committee shall—

1 “(i) cause to be published in the Fed-
2 eral Register a notice of the proposed re-
3 vised standard or regulation and a descrip-
4 tion of the considerations and decisions of
5 the consensus committee under subsection
6 (e); and

7 “(ii) provide an opportunity for public
8 comment on such proposed revised stand-
9 ard or regulation.

10 “(C) PRESENTATION OF PUBLIC COM-
11 MENTS.—Any public comments, views, and ob-
12 jections to a proposed revised standard or regu-
13 lation published under subparagraph (B) shall
14 be presented to the consensus committee in ac-
15 cordance with procedures established by the
16 American National Standards Institute. The
17 consensus committee shall cause to be published
18 in the Federal Register a notice of the rec-
19 ommended revisions of the consensus committee
20 to the standard or regulation, a notice of the
21 submission of the recommended revisions to the
22 Secretary, and a description of the cir-
23 cumstances under which the proposed revised
24 standards or regulations could become effective.

25 “(5) REVIEW BY THE SECRETARY.—

1 “(A) IN GENERAL.—The Secretary shall
2 either adopt, modify, or reject a standard or
3 regulation, as submitted by the consensus com-
4 mittee under paragraph (4)(A).

5 “(B) TIMING.—Not later than 12 months
6 after the date on which a standard or regula-
7 tion is submitted to the Secretary by the con-
8 sensus committee, the Secretary shall take ac-
9 tion regarding such standard or regulation
10 under subparagraph (C).

11 “(C) PROCEDURES.—If the Secretary—

12 “(i) adopts a standard or regulation
13 recommended by the consensus committee,
14 the Secretary shall—

15 “(I) issue a final order without
16 further rulemaking; and

17 “(II) cause the final order to be
18 published in the Federal Register;

19 “(ii) determines that any standard or
20 regulation should be rejected because the
21 implementation of such standard or regula-
22 tion would jeopardize public health or safe-
23 ty or is inconsistent with the purposes of
24 this title, the Secretary shall—

1 “(I) reject the standard or regu-
2 lation; and

3 “(II) cause to be published in the
4 Federal Register a notice to that ef-
5 fect, together with the reason or rea-
6 sons for rejecting the proposed stand-
7 ard or regulation; or

8 “(iii) determines that a standard or
9 regulation recommended by the consensus
10 committee should be modified because the
11 implementation of such standard or regula-
12 tion would jeopardize public health or safe-
13 ty or is inconsistent with the purposes of
14 this title, the Secretary shall—

15 “(I) cause the proposed modified
16 standard or regulation to be published
17 in the Federal Register, together with
18 an explanation of the reason or rea-
19 sons for the determination of the Sec-
20 retary; and

21 “(II) provide an opportunity for
22 public comment in accordance with
23 section 553 of title 5, United States
24 Code.

1 “(D) FINAL ORDER.—Any final standard
2 or regulation under this paragraph shall become
3 effective pursuant to subsection (c).

4 “(6) FAILURE TO ACT.—If the Secretary fails
5 to take final action under paragraph (5) and to pub-
6 lish notice of the action in the Federal Register be-
7 fore the expiration of the 12-month period beginning
8 on the date on which the proposed standard or regu-
9 lation is submitted to the Secretary under paragraph
10 (4)(A)—

11 “(A) the recommendations of the consen-
12 sus committee—

13 “(i) shall be considered to have been
14 adopted by the Secretary; and

15 “(ii) shall take effect upon the expira-
16 tion of the 180-day period that begins
17 upon the conclusion of such 12-month pe-
18 riod; and

19 “(B) not later than 10 days after the expi-
20 ration of such 12-month period, the Secretary
21 shall cause to be published in the Federal Reg-
22 ister a notice of the failure of the Secretary to
23 act, the revised standard or regulation, and the
24 effective date of the revised standard or regula-
25 tion, which notice shall be deemed to be an

1 order of the Secretary approving the revised
2 standards or regulations proposed by the con-
3 sensus committee.

4 “(7) INTERPRETIVE BULLETINS.—The Sec-
5 retary may issue interpretive bulletins to clarify the
6 meaning of any Federal manufactured home con-
7 struction and safety standard or procedural and en-
8 forcement regulation, subject to the following re-
9 quirements:

10 “(A) REVIEW BY CONSENSUS COMMIT-
11 TEE.—Before issuing an interpretive bulletin—

12 “(i) the Secretary shall—

13 “(I) submit the proposed bulletin
14 to the consensus committee; and

15 “(II) provide the consensus com-
16 mittee with a period of 90 days to
17 provide written comments on the pro-
18 posed bulletin to the Secretary; and

19 “(ii) if the Secretary rejects any sig-
20 nificant comment provided by the consen-
21 sus committee under clause (i), the Sec-
22 retary shall—

23 “(I) provide a written expla-
24 nation of the reasons for the rejection
25 to the consensus committee;

1 “(II) cause the proposed bulletin
2 and the consensus committee’s written
3 comments to be published in the Fed-
4 eral Register; and

5 “(III) provide an opportunity for
6 public comment in accordance with
7 section 553 of title 5, United States
8 Code.

9 “(B) PROPOSALS.—

10 “(i) IN GENERAL.—The consensus
11 committee may submit to the Secretary a
12 proposed interpretive bulletin under this
13 paragraph.

14 “(ii) AUTOMATIC APPROVAL.—If the
15 Secretary fails to issue or rejects a pro-
16 posed interpretive bulletin submitted under
17 clause (i) before the expiration of the 90-
18 day period beginning on the date on which
19 the bulletin is submitted to the Secretary
20 under clause (i), the Secretary shall—

21 “(I) be considered to have ap-
22 proved the bulletin; and

23 “(II) immediately issue the bul-
24 letin.

25 “(b) OTHER ORDERS.—

1 “(1) IN GENERAL.—If the Secretary deter-
2 mines, in writing, that such action is necessary in
3 order to respond to a public health or safety emer-
4 gency, or to address an issue on which the Secretary
5 determines the consensus committee will not make a
6 timely recommendation, the Secretary may issue an
7 order that is not developed under the procedures set
8 forth in subsection (a), if the Secretary—

9 “(A) first submits the proposed order to
10 the consensus committee for review; and

11 “(B) in the case of an order addressing an
12 issue on which the Secretary determines that
13 the consensus committee will not make a timely
14 recommendation, affords the consensus commit-
15 tee 90 days to provide the views of the consen-
16 sus committee on the proposed order to the
17 Secretary.

18 “(2) EXPLANATION REQUIRED.—If the consen-
19 sus committee fails to act before the expiration of
20 the 90-day period described in paragraph (1)(B) or
21 if the Secretary rejects any significant change rec-
22 ommended by the consensus committee under such
23 paragraph, the public notice of an order issued
24 under paragraph (1) shall include an explanation of
25 the reasons for such failure or rejection.

1 “(3) RULEMAKING PROCEDURES.—The Sec-
2 retary may issue an order under this subsection only
3 in accordance with section 553 of title 5, United
4 States Code.”;

5 (2) in subsection (d), by adding at the end the
6 following: “Federal preemption under this subsection
7 shall be broadly and liberally construed. It shall be
8 the duty of the Secretary to ensure that disparate
9 State or local requirements or standards do not af-
10 fect the uniformity and comprehensiveness of the
11 standards promulgated hereunder. Nothing in the
12 preceding sentence shall affect any person’s right to
13 enforce the provisions of this subsection in any court
14 of competent jurisdiction. There is reserved to each
15 State the right to establish standards for the instal-
16 lation of manufactured homes sited within that
17 State and the right to enforce compliance with such
18 standards: *Provided*, That such standards shall be
19 consistent with the purposes of this title and with
20 the applicable manufacturers’ installation instruc-
21 tions.”;

22 (3) by striking subsection (e);

23 (4) in subsection (f), by striking the matter pre-
24 ceding paragraph (1) and inserting the following:

1 “(e) CONSIDERATIONS IN ESTABLISHING AND IN-
2 TERPRETING STANDARDS AND REGULATIONS.—The con-
3 sensus committee, in recommending standards, regula-
4 tions, and interpretations, and the Secretary, in establish-
5 ing standards or regulations, or issuing interpretations
6 under this section, shall—”;

7 (5) by striking subsection (g);

8 (6) in the first sentence of subsection (j), by
9 striking “subsection (f)” and inserting “subsection
10 (e)”; and

11 (7) by redesignating subsections (h), (i), and
12 (j), as subsections (f), (g), and (h), respectively.

13 **SEC. 705. ABOLISHMENT OF NATIONAL MANUFACTURED**
14 **HOME ADVISORY COUNCIL.**

15 Section 605 (42 U.S.C. 5404) is hereby repealed.

16 **SEC. 706. PUBLIC INFORMATION.**

17 Section 607 (42 U.S.C. 5406) is amended—

18 (1) in subsection (a)—

19 (A) by inserting “to the Secretary” after
20 “submit”; and

21 (B) by adding at the end the following:
22 “The Secretary shall submit such cost and
23 other information to the consensus committee
24 for evaluation.”;

1 (2) in subsection (d), by inserting “, the con-
2 sensus committee,” after “public”; and

3 (3) by striking subsection (c) and redesignating
4 subsections (d) and (e) as subsections (c) and (d),
5 respectively.

6 **SEC. 707. RESEARCH, TESTING, DEVELOPMENT, AND TRAIN-**
7 **ING.**

8 (a) IN GENERAL.—Section 608(a) (42 U.S.C.
9 5407(a)) is amended—

10 (1) in paragraph (2), by striking “and” at the
11 end;

12 (2) in paragraph (3), by striking the period at
13 the end and inserting a semicolon; and

14 (3) by adding at the end the following new
15 paragraphs:

16 “(4) encouraging the government sponsored
17 housing entities to actively develop and implement
18 secondary market securitization programs for FHA
19 manufactured home loans and those of other loan
20 programs, as appropriate, thereby promoting the
21 availability of affordable manufactured homes to in-
22 crease homeownership for all people in the United
23 States; and

24 “(5) reviewing the programs for FHA manufac-
25 tured home loans and developing any changes to

1 such programs to promote the affordability of manu-
2 factured homes, including changes in loan terms,
3 amortization periods, regulations, and procedures.”.

4 (b) DEFINITIONS.—Section 608 (42 U.S.C. 5407) is
5 amended by adding at the end the following new sub-
6 section:

7 “(c) DEFINITIONS.—For purposes of this section, the
8 following definitions shall apply:

9 “(1) GOVERNMENT SPONSORED HOUSING ENTI-
10 TIES.—The term ‘government sponsored housing en-
11 tities’ means the Government National Mortgage As-
12 sociation of the Department of Housing and Urban
13 Development, the Federal National Mortgage Asso-
14 ciation, and the Federal Home Loan Mortgage Cor-
15 poration.

16 “(2) FHA MANUFACTURED HOME LOANS.—The
17 term ‘FHA manufactured home loan’ means a loan
18 that—

19 “(A) is insured under title I of the Na-
20 tional Housing Act and is made for the purpose
21 of financing alterations, repairs, or improve-
22 ments on or in connection with an existing
23 manufactured home, the purchase of a manu-
24 factured home, the purchase of a manufactured
25 home and a lot on which to place the home, or

1 the purchase only of a lot on which to place a
2 manufactured home; or

3 “(B) otherwise insured under the National
4 Housing Act and made for or in connection
5 with a manufactured home.”.

6 **SEC. 708. FEES.**

7 Section 620 (42 U.S.C. 5419) is amended to read as
8 follows:

9 “AUTHORITY TO ESTABLISH FEES

10 “SEC. 620. (a) IN GENERAL.—In carrying out in-
11 spections under this title, in developing standards and reg-
12 ulations pursuant to section 604, and in facilitating the
13 acceptance of the affordability and availability of manufac-
14 tured housing within the Department, the Secretary
15 may—

16 “(1) establish and collect from manufactured
17 home manufacturers, distributors, and retailers such
18 reasonable fees as may be necessary to offset the ex-
19 penses incurred by the Secretary in connection
20 with—

21 “(A) conducting those inspections;

22 “(B) administering the consensus commit-
23 tee as set forth in section 604;

24 “(C) providing the funding for a noncareer
25 administrator for the manufactured housing
26 program; and

1 “(D) facilitating the availability of afford-
2 able manufactured homes to increase home-
3 ownership for all Americans; and

4 “(2) use any fees collected under paragraph (1)
5 to pay expenses referred to in subparagraphs (A),
6 (B), (C), and (D) of paragraph (1), which shall be
7 exempt and separate from any limitations on the
8 Department of Housing and Urban Development re-
9 garding full-time equivalent positions and travel.

10 “(b) PROHIBITED USE.—Neither the Secretary, an
11 agent of the Secretary, nor the States under section 623
12 of this title may use any fees collected under subsection
13 (a) for any purpose or activities not specifically authorized
14 by this title.

15 “(c) MODIFICATION.—Any fee established by the Sec-
16 retary under this section shall only be modified pursuant
17 to rulemaking in accordance with section 553 of title 5,
18 United States Code.

19 “(d) APPROPRIATION AND DEPOSIT OF FEES.—

20 “(1) IN GENERAL.—There is established in the
21 Treasury of the United States a fund to be known
22 as the ‘Manufactured Housing Fees Fund’ for de-
23 posit of all fees collected pursuant to subsection (a).

1 “(2) APPROPRIATION.—Such fees shall be avail-
2 able for expenditure only to the extent approved in
3 an annual appropriations Act.”.

4 **SEC. 709. ELIMINATION OF ANNUAL REPORT REQUIRE-**
5 **MENT.**

6 The National Manufactured Housing Construction
7 and Safety Standards Act of 1974 is amended—

8 (1) by striking section 626 (42 U.S.C. 5425);
9 and

10 (2) by redesignating sections 627 and 628 (42
11 U.S.C. 5426, 5401 note) as sections 626 and 627,
12 respectively.

13 **SEC. 710. EFFECTIVE DATE.**

14 The amendments made by this title shall take effect
15 on the date of enactment of this Act, except that the
16 amendments shall have no effect on any order or interpre-
17 tive bulletin that is published as a proposed rule pursuant
18 to section 553 of title 5, United States Code, on or before
19 such date.

20 **SEC. 711. SAVINGS PROVISION.**

21 The Federal manufactured home construction and
22 safety standards (as such term is defined in section 603
23 of the National Manufactured Housing Construction and
24 Safety Standards Act of 1974) in effect immediately be-
25 fore the date of the enactment of this Act shall apply until

1 the effective date of the Federal manufactured home con-
2 struction and safety standards promulgated under sub-
3 section (a) or (b) of section 604 of the National Manufac-
4 tured Housing Construction and Safety Standards Act of
5 1974, as amended by this title.

6 **TITLE VIII—INDIAN HOUSING**
7 **HOMEOWNERSHIP**

8 **SEC. 801. INDIAN LANDS TITLE REPORT COMMISSION.**

9 (a) ESTABLISHMENT.—There is hereby established a
10 Commission to be known as the Indian Lands Title Report
11 Commission (hereafter in this section referred to as the
12 “Commission”).

13 (b) MEMBERSHIP.—

14 (1) APPOINTMENT.—The Commission shall be
15 composed of 12 members, appointed not later than
16 90 days after the date of the enactment of this Act
17 as follows:

18 (A) 4 members shall be appointed by the
19 President.

20 (B) 4 members shall be appointed by the
21 Chairman of the Committee on Banking and
22 Financial Services of the House of Representa-
23 tives.

1 (C) 4 members shall be appointed by the
2 Chairman of the Committee on Banking, Hous-
3 ing, and Urban Affairs of the Senate.

4 (2) QUALIFICATIONS.—At all times, not less
5 than 7 of the members of the Commission shall be
6 members of federally recognized Indian tribes.

7 (3) CHAIRMAN.—The Chairman of the Commis-
8 sion shall be one of the members of the Commission
9 appointed under paragraph (1)(C), as elected by the
10 members of the Commission.

11 (4) VACANCIES.—Any vacancy on the Commis-
12 sion shall not affect its powers, but shall be filled in
13 the manner in which the original appointment was
14 made.

15 (5) TRAVEL EXPENSES.—Members of the Com-
16 mission shall serve without pay, but each member
17 shall receive travel expenses, including per diem in
18 lieu of subsistence, in accordance with sections 5702
19 and 5703 of title 5, United States Code.

20 (c) FUNCTIONS.—The Commission shall analyze the
21 system of the Bureau of Indian Affairs of the Department
22 of the Interior for maintaining land ownership records and
23 title documents and issuing certified title status reports
24 relating to Indian trust lands and, pursuant to such analy-
25 sis, determine how best to improve or replace the system—

1 (1) to ensure prompt and accurate responses to
2 requests for title status reports;

3 (2) to eliminate any backlog of requests for title
4 status reports; and

5 (3) to ensure that the administration of the sys-
6 tem will not in any way impair or restrict the ability
7 of Native Americans to obtain conventional loans for
8 purchase of residences located on Indian trust lands,
9 including any actions necessary to ensure that the
10 system will promptly be able to meet future demands
11 for certified title status reports, taking into account
12 the anticipated complexity and volume of such re-
13 quests.

14 (d) REPORT.—Not later than the date of the termi-
15 nation of the Commission under subsection (g), the Com-
16 mission shall submit a report to the Committee on Bank-
17 ing and Financial Services of the House of Representa-
18 tives and the Committee on Banking, Housing, and Urban
19 Affairs of the Senate describing the analysis and deter-
20 minations made under subsection (c).

21 (e) POWERS.—

22 (1) HEARINGS AND SESSIONS.—The Commis-
23 sion may, for the purpose of carrying out this sec-
24 tion, hold hearings, sit and act at times and places,

1 take testimony, and receive evidence as the Commis-
2 sion considers appropriate.

3 (2) STAFF OF FEDERAL AGENCIES.—Upon re-
4 quest of the Commission, the head of any Federal
5 department or agency may detail, on a reimbursable
6 basis, any of the personnel of that department or
7 agency to the Commission to assist it in carrying out
8 its duties under this section.

9 (3) OBTAINING OFFICIAL DATA.—The Commis-
10 sion may secure directly from any department or
11 agency of the United States information necessary
12 to enable it to carry out this section. Upon request
13 of the Chairperson of the Commission, the head of
14 that department or agency shall furnish that infor-
15 mation to the Commission.

16 (4) MAILS.—The Commission may use the
17 United States mails in the same manner and under
18 the same conditions as other departments and agen-
19 cies of the United States.

20 (5) ADMINISTRATIVE SUPPORT SERVICES.—
21 Upon the request of the Commission, the Adminis-
22 trator of General Services shall provide to the Com-
23 mission, on a reimbursable basis, the administrative
24 support services necessary for the Commission to
25 carry out its responsibilities under this section.

1 (6) STAFF.—The Commission may appoint per-
2 sonnel as it considers appropriate, subject to the
3 provisions of title 5, United States Code, governing
4 appointments in the competitive service, and shall
5 pay such personnel in accordance with the provisions
6 of chapter 51 and subchapter III of chapter 53 of
7 that title relating to classification and General
8 Schedule pay rates.

9 (f) AUTHORIZATION OF APPROPRIATIONS.—To carry
10 out this title, there is authorized to be appropriated
11 \$500,000 for fiscal year 1999.

12 (g) TERMINATION.—The Commission shall terminate
13 upon the expiration of the 1-year period beginning upon
14 the completion of the appointment of all the members of
15 the Commission under subsection (b)(1).

16 **TITLE IX—REHABILITATION**
17 **DEMONSTRATION GRANT**
18 **PROGRAM**

19 **SEC. 901. REHABILITATION DEMONSTRATION GRANT PRO-**
20 **GRAM.**

21 (a) IN GENERAL.—The Secretary of Housing and
22 Urban Development shall carry out a program to dem-
23 onstrate the effectiveness of making grants for rehabilita-
24 tion of single family housing located within 15 demonstra-

1 tion areas designated by the Secretary. Of the areas des-
2 ignated by the Secretary under this section—

3 (1) 7 shall be areas that have primarily urban
4 characteristics;

5 (2) 5 shall be areas which are outside of a met-
6 ropolitan statistical area; and

7 (3) 3 shall be areas which have primarily rural
8 characteristics.

9 In selecting areas, the Secretary shall consider the extent
10 of single family residences located in the area that have
11 rehabilitation needs.

12 (b) GRANTEES.—Grants under the program under
13 this section may be made to agencies of State and local
14 governments and non-profit organizations operating with-
15 in the demonstration areas that provide technical assist-
16 ance in conjunction with the rehabilitation of owner-occu-
17 pied 1- to 4-family residences. In selecting grantees, the
18 Secretary shall consider the ability and expertise of the
19 grantee in carrying out the purposes of the demonstration
20 program.

21 (c) USE OF GRANT FUNDS.—Funds from grants
22 made under this section may be used by grantees—

23 (1) to subsidize interest on loans, over a period
24 of not more than 5 years from the origination date
25 of the loan, made after the date of the enactment of

1 this Act for rehabilitation of any owner-occupied 1-
2 to 4-family residence; and

3 (2) to provide technical assistance in conjunc-
4 tion with the rehabilitation of owner-occupied 1- to
5 4-family residences, including counseling, selection
6 contractors, monitoring of work, approval of contrac-
7 tor payments, and final inspection of work.

8 (d) REHABILITATION DEFINED.—The term “reha-
9 bilitation” has the meaning given that term in section
10 203(k)(2)(B) of the National Housing Act (12 U.S.C.
11 1709(k)(2)(B)).

12 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
13 authorized to be appropriated to the Secretary to carry
14 out this section such sums as may be necessary for each
15 of fiscal years 1999 through 2003.